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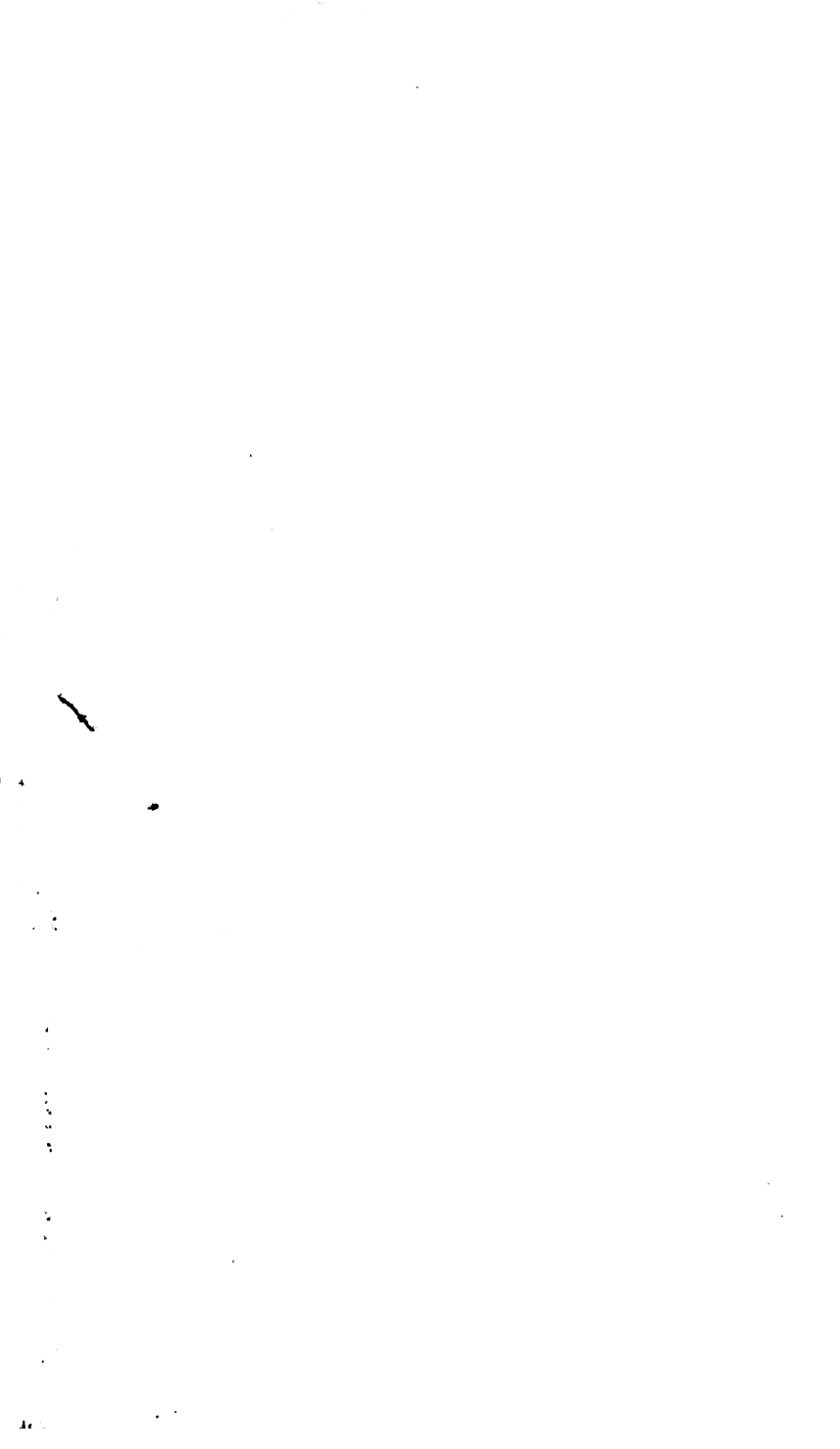
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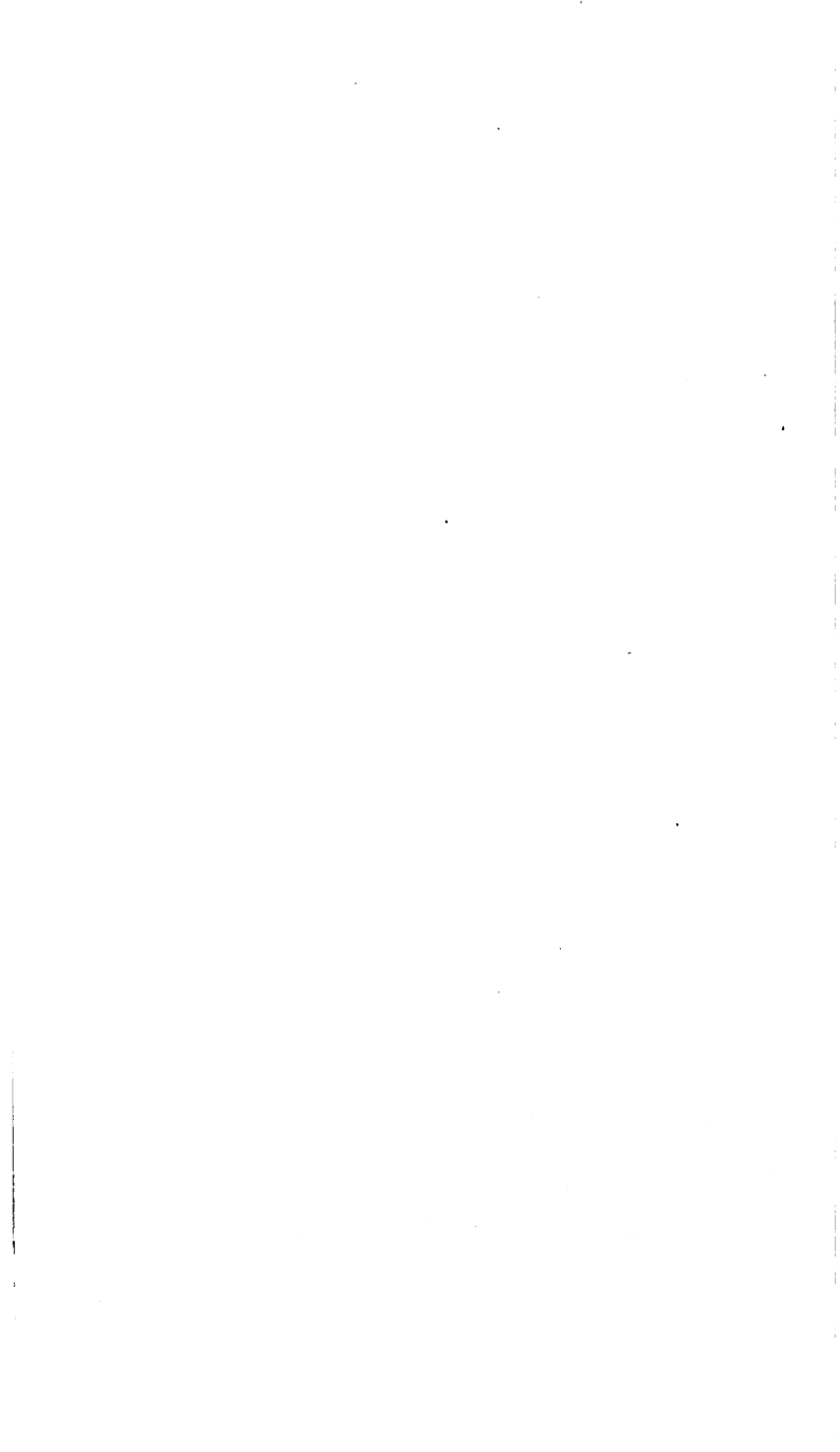
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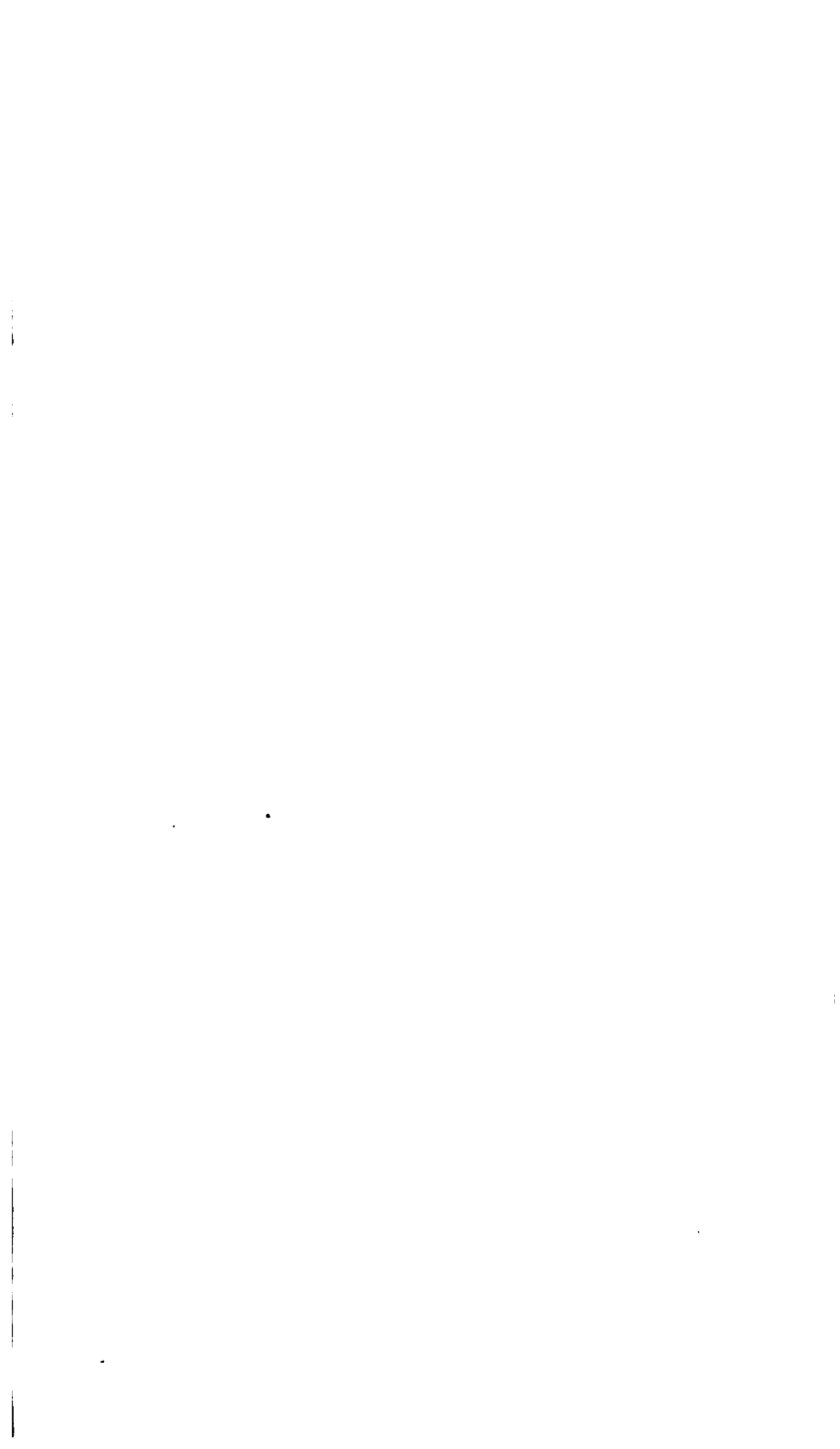
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OBSERVATIONS
ON
CURRENCY, POPULATION,
AND
PAUPERISM,
§c. §c.



black

Observations

ON

CURRENCY, POPULATION,

AND

PAUPERISM;

IN TWO LETTERS

TO

ARTHUR YOUNG, ESQ.

BY



THOMAS ATTWOOD, ESQ.

Birmingham,

PRINTED AND SOLD BY R. WRIGHTSON, NEW-STREET.

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GENERAL

PREFACE.

IT seems proper that I should explain why I have again thought it necessary to intrude upon the public attention. When I published the "Remedy" in July, 1816, I was goaded to it by the afflicting situation of the country, and I had neither the intention nor desire of ever again taking upon myself the task of explaining the causes of the national distress, and of pointing out the proper measures for its relief. But the more I reflected upon the subject, the more I felt impelled to support the ground which I had assumed, and to refute objections which might occur, and which might otherwise weaken the force of what I had advanced. I felt also that I had been advancing new and bold opinions, which, however confirmed by recent experience, could not fail to militate against the dying remnants of antient customs and institutions, and to outrage the prejudices of former times.

I am sensible of the negligence and want of system which pervades my publications. If I had been ambitious of the reputation of an Author, I might have arranged and digested my materials, and have brought all my conclusions to bear upon their proper points. But I have neglected it, because it was a work of

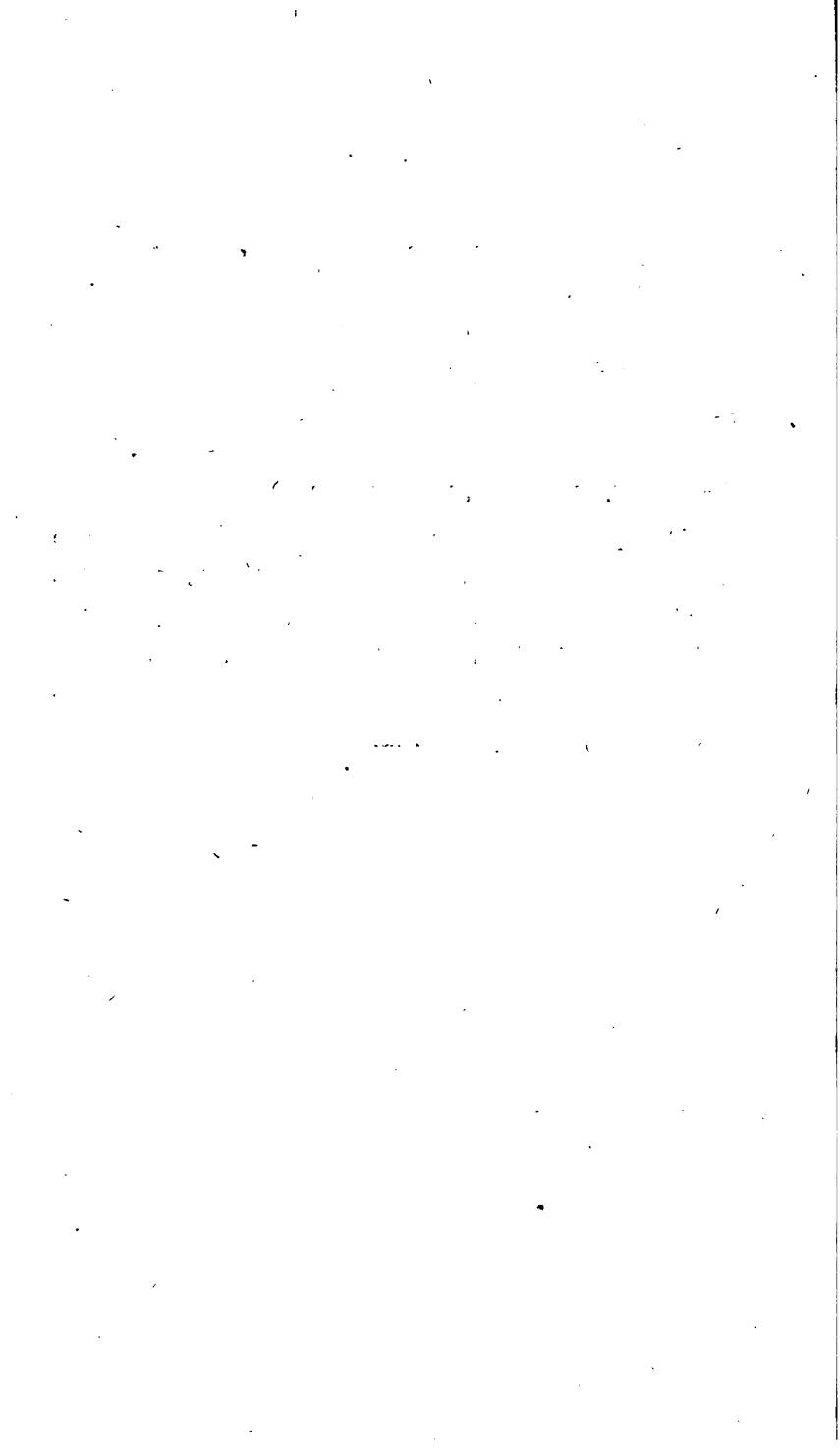
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labour and of time ; and because I was well assured that if the matter of my arguments was good, it would carry weight into reflecting minds, notwithstanding any objections to which their manner might be exposed. I have never thought of acting upon other minds, because I know that upon them no force of reasoning can act, excepting such as is supported by eminent authorities, or is drawn in with their mother's milk.

Under this disposition I have thrown together the various reflections which my publications afford ; and I have not so much considered the propriety of duly pointing and arranging them, as I have the necessity of weighing well their conclusions, of placing them in various points of view, and of answering objections which may be alledged against them. I hope I have succeeded in this latter object ; if I have not, it is not from the want of conviction of their truth, but probably from the abstruseness of the subject, and from the want of that faculty of communicating ideas which is sometimes the result of experience, and sometimes of instinct.

A great part of the first of these letters was written without any intention of publication. Mr. Young had invited me to explain some parts of my letter to Mr. Vansittart, respecting population, which I accordingly endeavoured to do. But when I found that my letter had imperceptibly grown to a great length, and when I felt other subjects still pressing on my mind, which had a more immediate prospective view, I determined to publish it, in the hope that if it might not be of any direct service, it might possibly have the effect of attracting the investigation of political economists, and of ultimately leading to important results.

I have again been obliged to encumber my work with notes and postscripts, which I hope the reader will excuse. I felt that their subject was important, and as I was writing for the press, and generally short of time, I thought it better to introduce them as they are, than not to introduce them at all. I must plead the same excuse for the apparent repetitions, and for the loose and desultory arrangement of the whole of the subjects upon which I have treated. Whatever I have written, has generally been written whilst the press was at work; and when the different sheets were once taken off, I have not had the opportunity of making additions in the proper places, without breaking up the press from time to time, and having the whole to begin again. I hope that these observations will furnish some apology for the desultory character of this and my other publications.



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LETTER, &c.

Birmingham, October 29, 1817.

MY DEAR SIR,

I DULY received the esteemed favour of your letter of the 14th instant.

The kindness and confidence with which you have treated me, and the satisfaction which you are pleased to express with my letters, induce me to avail myself of your invitation to explain some parts of my former letter, and to address you rather fully on the subject of Population, and its effects upon the comforts of the lower classes.

My usual manner of arguing a question, is to make certain assertions, upon which I consider that all parties are agreed, and afterwards to deduce others, which seem to me to follow as a

matter of course, and to lead to ultimate results. If I should be so unfortunate as to assume any positions in this way, which may not be correct, I must entreat your indulgence. My only object is the developement of truths, in which the best interests of our country are involved.

In my publications, I have endeavoured to show (as you observe), "that it is scarcely possible
"for the population of any country to become
"too great for the interests and welfare of the
"individuals composing it."

I will now endeavour to bring clearer proof of the truth of this position, and to show that every encrease of the population carries with it the ample means of its own support; at least, so long as the circulating medium is kept equivalent to its purposes, and as a single acre of land remains to be cultivated or improved in the country. After all the land in the country is so cultivated and improved, that it is become as productive as a garden, which nothing but the encrease of population can effect, and indeed which nothing can long prevent, under an adequate encrease of population and circulation; after that period, I will allow, that it will become necessary to have recourse to foreign trade, in order to introduce food to maintain the still encreasing population.

I will, therefore, not contend in favour of an encrease of population beyond the power of our own land to maintain, because any encrease beyond this, would render us dependent upon foreign trade for a part of our subsistence. But this objection is purely political on my part; for it is clear to me, that the encreased density of our population, would give us, at least, as great advantages in producing manufactures, as other nations or colonies would possess in producing agricultural products; and, therefore, it would, for ever, be as much the interest of other nations and colonies to sell us the latter, as it would be our interest to sell them the former. No evil would therefore arise from the density of the population, excepting the state of unworthy dependency in which it might possibly involve us, against which, the prodigious strength which it would give us, would probably be an effectual guarantee.

It is necessary to take a radical view of national riches, before we can decide upon what they are competent to do, or in what manner they inevitably encrease or diminish with the encrease or diminution of the population of the country. We must leave money out of sight. Money is merely a medium or invention, by which riches are produced, measured, exchanged, and con-

sumed, although it is too often considered as riches itself.

Riches are the stocks of good things which a nation possesses, say land and houses, and agricultural and manufactured produce.

Productive labour supported by these stocks, and acting upon them, produces annually a certain addition to them, in return for the maintenance which it receives. This annual addition of productions, is the whole income or profit of the nation, which the nation can annually expend or consume without diminishing its principal and becoming impoverished. Whatever part of this annual production is not consumed in some way or other, becomes capital or principal, and serves as a basis upon which future labourers may operate to create future productions. Inasmuch as this annual production of good things exceeds the annual consumption of the labourers employed in producing it, the surplus becomes applicable to the various purposes of the capitalists. It constitutes disposable national riches, and taking the various shapes of rents, profits, and taxes, it is annually consumed in the maintenance of public and private dependents, or of what are generally termed unproductive labourers, such as soldiers, servants, paupers, coach makers, &c. &c. &c.

But this surplus of the productions of a nation over the annual expences of production, thus constituting the income which is annually expended by the capitalists in various ways, the consequence is, that any encrease of the productive powers of a nation is a real encrease of the national wealth. If the productive powers could be doubled in one year, either by the doubling of the productive labourers, or by the improvement of skill and science, the consequence would be, that the capitalists generally, would find their individual annual income doubled also ; and they would instantly be enabled and induced to maintain double the number of their public and private dependents ; that is to say, the real riches, and the real population of the country would be both doubled. Until this doubling of the population could take place, consequent upon this doubling of the national riches, the situation of all the lower classes would be greatly improved ; for they would be enabled and compelled to consume annually, greater proportions of good things than formerly ; but this improvement in their situation would double their numbers in a very few years, by the course of nature, or by promoting emigrations from foreign countries. When the number of the population was thus doubled, as the national riches were doubled, then the situation of the population would be just the same as before, that is to

say, it would be such as the nature and habits of the lower classes rendered them able and willing to exist upon, but it would not be better or worse, because, if it were either better or worse, they would again multiply or diminish their numbers, until it was brought to that level to which their nature and their habits had fitted them.

But if this doubling of the productive powers, and of the real riches of the nation, should take place without a correspondent doubling of the circulating medium, which is the organ by which all riches are produced, exchanged, distributed, and consumed, the consequence would be, that the circulating medium would be overpowered under its doubled burthens,—would become unequal to discharge its purposes, and would produce a diminution of the productive powers, and a stagnation of the whole social system. In fact, the population would be in danger of perishing in the midst of unbounded riches, because the roads and channels through which those riches were annually distributed and consumed, would be obstructed or broken up. Individual industry could no longer find a reward in producing, exchanging, or distributing them, and, therefore, it would not be possible for them to be produced, exchanged, or distributed.

If, however, the circulating medium was doubled at the same time with this doubling of the national riches,—if an equivalent proportion of those national riches were converted into a circulating medium, for the purpose of effecting the necessary exchanges and distribution of the whole, then the circulating medium would bear the necessary proportion to the national riches, and would be enabled to distribute the double quantity among the doubled population, with the same ease as it distributed the former quantity among the former population.

All riches come from labour. All labour comes from population. Agriculture, manufactures, and trade, are the organs which the population makes use of. If the population is doubled, the labour and the riches are necessarily doubled also, or else labour loses its productive power. But labour is employed, and riches are produced, in civilized countries, through the action of the circulating medium. It is this grand invention which has done more to facilitate the division of labour, and to encrease productive powers, than any other which can be named. If, therefore, the labourers are doubled, the circulating medium must also be doubled, or it becomes unequal to discharge its doubled duties, and the surplus labourers are unemployed. But if the proper facilities are given

by the Legislature for the necessary creations of money,—for the necessary conversion of an adequate proportion of the fixed and permanent capital of the nation, into an active and floating capital,—into what is called a circulating medium; then it is not possible for the surplus labourers to be in want of employment, or of the humble comforts of their situation; because an additional demand for their labour is created with its additional supply, and an additional consumption of good things is created with their additional production.

I think I have before reminded you, that it is not possible to produce £10 worth of any one given article, without occasioning thereby, either directly or indirectly, an equivalent consumption of all other articles. Thus a ton of iron is produced, say, for £8, and sold, perhaps, for £12. The labourers of one kind or other receive the £8 as wages, which they immediately expend in consuming £8 worth of other articles; and the iron-master receives the other £4 as profit, or royalty, which he also either expends or invests in consuming £4 worth of other articles, and thus production and consumption always keep pace with each other.

The production of one article is only to be effected by causing a consumption of other arti-

cles to take place to an equal amount. Thus the production of a bushel of wheat selling, perhaps, for 15s. is affected only by causing 15s. worth of other articles to be consumed either in the shape of wages, or of rents, profits, and other expences. So also the production of a carriage selling for £300, is only effected by causing £300 worth of other articles, to be consumed either directly in the shape of wages, or indirectly through the medium of profits, taxes, and other expences. The capitalist, or possessor of a certain quantity of food and clothing, or of some signs or tokens called money, which represent that food and clothing and command it, is disposed to lay it out in maintaining workmen who shall build him a carriage. During the process of its building, the public taxes and duties seize part of this food and clothing, in order to maintain soldiers, and sailors, and others ; and, in general, the master manufacturer gets possession of another part, in the shape of profits, in order to maintain himself and his servants, and the various dependents through whom his income is invested or expended. The remainder of this food and clothing is consumed by the workmen employed in building the carriage, or it is consumed by the various other descriptions of workmen, who are maintained by the shares of it which pass into the hands of the owners of the materials of which the carriage is composed.

Here is an evident consumption of £300 worth of food and clothing, occasioned by the production of a carriage selling for £300. But when this capitalist, or possessor of £300 worth of food and clothing, finds suddenly that his food and clothing will only produce him £200 in money, whilst the carriage which he desires will still cost him £300 in money ; then the capitalist is obliged to forego the building of his carriage ; and the workmen are compelled to forego their employment, and the consuming of the £300 worth of food and clothing, until the action of intense misery upon their minds, and of general distress upon all, shall so far have reduced their monied wages and expences, as to reduce the price of the carriage within the reduced monied means of the capitalist.

Until this reduction is effected, the three or four unproductive labourers, who are maintained by the food and clothing produced by each single productive labourer, have not the means of paying for that food and clothing, and consequently during this interval, there appears an apparent super-abundance of food and clothing, and also of population in the country, which is, in reality, nothing more or less than a mere deficiency of money, by means of which the latter is prevented from consuming the former.

When the carriage also shall have so fallen in price as to produce but £200 in money, then the capitalist may build it, or purchase it, if he pleases, but unfortunately, in the mean while, the same circumstances which had arrested the building of the carriage, have also acted in arresting the production of the food and clothing which the capitalist was wont to command; and instead of thinking of building his carriage, he finds his situation so changed, that he is not able to discharge his debts.

A mighty evil is thus set in motion, which afterwards acts upon its own elements, and unless arrested by Legislative measures, it soon terminates in famine, and anarchy, and death.

If human wants could stand still during the action of this fatal principle; if men could live without food and clothing for two or three years, until the reduction of the circulating medium had acted alike in reducing the prices of all kinds of industry and commodities, then the social system might go on again, with no other injury than the secret and unjust transfer of the property of the debtors, into the hands of their creditors; and the far more ruinous transfer of the productive powers of the nation from hands accustomed and competent to do them justice, into other hands totally incompetent to guide them at all.

But human wants are imperative, and must be supplied by the annual productions of food and clothing, and by their regular and universal distribution, through the various channels which the luxury and convenience of the capitalists afford. All this depends upon the efficiency of the circulating medium.

It is, perhaps, better to draw a clearer line of distinction between the two great classes of mankind, which, in England, may be said to form the whole of society; namely, the productive and the unproductive labourers. By forming this distinction, we shall have a clearer view of the tendency of production and consumption to keep pace with each other, and of the certainty of every encrease of the population carrying with it, at least, the adequate means of its own support.

Productive labourers may be said to be those persons who are employed, either directly or indirectly, in producing food and clothing, and other articles which are called necessities of life, and are usually consumed by the lower classes. These labourers consume, probably, one-fourth of their own productions.

Unproductive labourers are those persons who are employed by the capitalists, or possessors of

the stocks of food and clothing and other necessities, in producing comforts, and luxuries, and conveniences, and national security, and glory, and a thousand other gratifications which the various tastes of the capitalists require. These unproductive labourers, these private and public dependents of a thousand descriptions, consume the other three-parts of the food and clothing and other necessities, which are annually produced by the productive labourers. The capitalists themselves may be said to consume little or nothing personally, owing to their small comparative numbers; or in virtue of their capital, they may be ranked among productive labourers.

Now it is evident, that if ever the population of England should become too great for the comfort of the individuals composing it, such encrease must necessarily take place in one of these two descriptions of persons; for if it took place in both equally, the consequence would be, that production and consumption would be equally encreased, and the relative comforts of the population would remain the same; that is to say, provided the money of the country was encreased in the same degré as its property.

But it is evident also, that no encrease could take place in either of these descriptions of per-

sons, without occasioning a correspondent encrease of the other ; because, if the productive labourers were encreased so as to create a greater produce of good things than the unproductive labourers could consume or pay for, the consequence would be, that the demand for productive labour would be diminished by the losses attending its employment, whilst the demand for unproductive labour would be encreased, by the additional food and clothing so created and placed at the disposal of the capitalists ; and thus the surplus of productive labourers would naturally diverge into the character of unproductive labourers, thereby diminishing production and encreasing relative consumption, until the former balance was restored, and the situation of the labourers of both classes was made the same.

It must not be forgotten, that the only real riches of the nation are the surplus food and clothing, and other necessities, which can be annually produced. This surplus, whatever it is, is the only annual income which can be consumed by the unproductive labourers, in producing carriages and large houses, and luxuries, and conveniences of a thousand descriptions. I mean that the general magnitude of these latter productions, depends entirely upon the magnitude of the former ; for the unproductive labourers must necessarily

eat, drink, and be clothed, before they can minister to either the luxury, the comfort, or the glory of their country. All labourers must live, and eat, and drink, before they can produce any thing, and, therefore, it is upon the extent of the annual productions of food and clothing, that the extent of the annual productions of all other articles necessarily depends.

The process above alluded to, respecting any possible encrease of the numbers of the productive labourers, is equally visible with regard to any encrease which might possibly take place among the unproductive labourers. That encrease would carry with it, the principles of its own reduction and equalization, without injury to any one; for the productive labourers being enabled to place at the disposal of the capitalists, only a certain quantity of food and clothing annually, that quantity would become insufficient to allow the usual individual distribution among the encreased numbers of the unproductive labourers; and thus, the situation of these latter being injured, or too fully occupied, whilst that of the former was benefited or too thinly occupied, the one would necessarily diverge into the other, and thus the production of the country would be encreased, in order to meet the encreased consumption which the encreased population would occasion.

Every encrease of the population must, therefore, necessarily occasion a simultaneous encrease of production, as well as of consumption; or if one year's credit should be allowed to the new labourers, their consumption would be re-paid four-fold at the end of the year. All labourers, of course, require credit, before they can return to their employers the food and clothing which they consume. That food and clothing is advanced from the stocks of the capitalists, and no evil can possibly occur from the encrease of population, unless it is possible that such encrease should be so great and so sudden, as to exhaust the stocks of the capitalists, before the labour of the population could renew them. In this case the evil would develope itself, in a great rise in the prices of necessaries, in a great encrease of the exports and imports, and in a rapid conversion of unproductive into productive labourers, which would quickly restore the prosperity of the country.

The situation of the productive labourers is governed by the character of their own habits and their own minds. Their productions and their wants are food and clothing, and other necessaries. They produce four, and they receive one. But that one is given them *in advance* from the stocks of the capitalists, whilst the wool is growing, and the grain is ripening in the ground. At the end

of the year, or other given time, three remain in the hands of the capitalists, who had advanced the *one* from their stocks. These three are expended annually by the capitalists through the medium of rents and profits, in the various gratifications which luxury, pride, charity, glory, security, comfort, convenience, or caprice afford. But let the capitalists expend the productions so placed at their disposal, however they please, they can only do so in employing some kind or other of unproductive labourers, either directly or indirectly; and, if the employment so afforded, should make any sensible difference in the situation of either unproductive or productive labourers, the difference is quickly removed by the surplus of the one diverging into the other.

It is certainly possible, that after a certain increase of population may have taken place, any future increase of productive labourers, acting upon agriculture, may not produce so great a relative produce as the same number of labourers will now produce. A given number of labourers, acting upon a certain quantity of land, may possibly produce more than one half of what a double number of labourers, acting upon the same land, would produce; but this is no argument against the benefits arising from an increased population. For the sake of argument, it may be granted, that

some of the new productive labourers would not produce the maintenance of more than two persons, or of one and a half persons, or one person. This would make no difference in the national happiness and comforts. It would merely have the effect of causing such new population to consist of a greater proportion of productive labourers than the old. A greater quantity of labour being required to create a given produce, the consequence would be, that a greater proportion of that produce, would be consumed by that labour, and a less proportion would be left to be consumed through the medium of taxes, rents, and profits. But whatever this latter proportion might be, would be additional strength and riches to the nation, and if it were nothing at all, yet still the productive labourers' own maintenance would be obtained, until the limits of nature were reached, or until the whole country was become a city and a garden.

If we consider further, that since the annual mass of all productions is all that can prudently be annually consumed or expended, and since that mass of productions is prodigiously encreased by what is called the division of labour, and that the greater becomes that mass in any given population, the greater must be the individual distribution which must take place among them; if we consider these things, we shall find that the productive

powers of any given number of persons are far greater in a populous than in a thinly inhabited country, and that this relative difference of productive power encreases with the encrease of the population ; and consequently, that every encrease of the population carries with it, at least, a proportionate encrease of the comforts and necessaries which the population requires. We shall acknowledge that it is not possible for population to press upon food, but that food encreases faster than population ; (at least so long as land can be improved) because the productive powers of any given number of a population encrease with the very density of the population itself.

In forming this opinion, I am fearful that I may contradict eminent authorities, and I do so with much diffidence and deference. It is possible that the local habits of my life may have brought me more into contact with the circulating medium, and given me better opportunities of observing its nature and action, and its prodigious effects upon the principles of national happiness and strength. Political economists seem to have paid far too little attention to the necessity of preserving the balance between property and money, or at least of not suffering the latter to become unequal to its duty, of effecting the production and consumption of the former. ✓

But in coming to this opinion respecting population and food, we must not confine our attention to any one description of persons, but extend it to the general body of the whole community; for the evils arising from the encrease of paupers and beggars, are no argument against the advantages arising from the encrease of labourers and honest men. There is no use without an abuse. There is nothing good which may not be perverted to the worst of purposes. Paupers and beggars are merely modes and channels through which the capitalists of the country think proper to expend, annually, a proportion of the annual productions which the productive labourers produce. If the capitalists should think proper to expend the whole of those productions in that way, the whole of the unproductive labourers would be converted into paupers, without the possibility of prevention. The encrease of paupers depends not upon the encrease of the population, but upon the encrease of the means which the mistaken philanthropy of the capitalists places at their disposal. Double those means, and you instantly double the numbers of the paupers. Annihilate those means, annihilate all public and private charity, and you instantly annihilate paupers, or you compel them to adopt another trade, and to earn an honest livelihood for themselves; this livelihood is still at their command just as much as it was before,

only they are compelled to obtain it through other channels. It then passes into their hands, in exchange for their labour, instead of bribing them to idleness and folly. The general expenditure of the capitalists, which is necessarily increased by the cessation of their private and public charities, furnishes just as great an additional demand for their labour as those charities did for their idleness before ; that increased expenditure furnishes just the same demand for other kinds of unproductive labourers, as charity furnished for paupers and beggars. The whole of those paupers and beggars may, if they please, be taken up by that expenditure, and derive just the same food and clothing as they derived before, with such additions as the nature of the society, and the improved character of their own minds would allow and require.

I will take the liberty to push this part of the subject a little farther. The encrease of paupers depends upon the encrease of the means and disposition to relieve them. Whatever encrease takes place in those means and disposition, creates just an adequate encrease in the mass of misery which it seeks to relieve.

If the capitalists of the country should be disposed to appropriate an additional twenty mil-

lions per annum to the maintenance of paupers and beggars, it would not have the effect of permanently improving their situation in the least, but only of encreasing their numbers, whilst it diminished the numbers of the other parts of the population; for whilst on the one hand, this large addition to the mass of food and clothing, to be consumed among paupers and beggars, would tempt and draw additional numbers into their trades; on the other hand, the cessation of this expenditure of the capitalists, through the usual channels, would deprive honest labourers of just an equal amount of food and clothing, and would, thereby, have the effect of forcing them into competition with their more unworthy brethren, in order to partake of those additional funds which were formerly their own. The demand for paupers and beggars would be thus encreased as fast as the demand for other sorts of unproductive labourers was reduced, and the supply of food and clothing would be diminished, in the one channel, just as fast as it was encreased in the other. The capitalists would lay out twenty millions less in carriages and houses, and wines, and other articles (all of which, if traced to their roots, will be found to consist entirely of English labour directly or indirectly), and they would lay out twenty millions more in charity; so that paupers and beggars would have the benefit of the second

expenditure, instead of the more active sorts of unproductive labourers; and, the general population would remain just the same in numbers, though ruinously changed in its character and habits.*

* Whilst I am writing upon the effects which the diversion of capital has, in forming the character of the component parts of a population, I cannot help alluding to the injustice and ingratitude with which the nation has diverted the capital of the taxes into private expenditure, and has dismissed the soldiers and sailors who have been fighting her battles in twenty campaigns. It is beneath the dignity of a great nation to turn off her brave defenders, when she has no longer occasion for their labours or their blood. It is not consistent with the national honour, that soldiers covered with scars, who have grown grey in the service of their country, should be turned over to a meaner master, when that peace is obtained which their labours and their blood have conquered. And yet these men are to be seen every where; men who have supported the national honour in every quarter of the globe, are every where to be seen, deserted by their country, when their country no longer requires them, and humbly soliciting menial employment, or begging an ignoble bread. Not one of these men ought to have been discharged until they solicited for their discharge, and the country offered a demand for their labour.

If it was too much for us to have maintained them in idleness, we ought to have maintained them in honourable labours. We ought to have diverted some portion of the surplus food and clothing which we seemed to possess a few years ago, into the maintenance of soldiers employed in great public works of magnificence or utility. The expence is no excuse. A tax or duty equivalent to half the poor's rates, would have covered

Productive labour is the sole source of national riches. Unproductive labour is merely a mode

the whole. Every man of an upright mind would have had more satisfaction in this expence than in any other part of his expenditure.

. We have now discharged our soldiers. In a short time we shall have War again; and then we shall have to create new ones. We shall have to draw labourers out of employment, in order to convert them into soldiers, and after a short time more we shall have to re-convert their war-worn remains into labourers again. All this is painful and degrading to them and their country. It is pulling down for the mere purpose of building up. We ought to have armies always at our command in order to crush our enemies without difficulty at a first effort, before they should have time to prepare against us, and this our unbounded wealth, and our immense productive power, would easily enable us to do.

If our Army had been efficient in 1793, we should have had no occasion for a 20 years war. The "March to Paris" would have been accomplished with a hundred times the ease that it was at Waterloo. The French jacobins would have been ground into the dust. But when the hour of danger came, we had no army. The veteran soldiers, who had faced death in every shape, and had endured every form of human suffering in America, these tried but unfortunate soldiers had been discharged, thrown upon the mercy of the world, or permitted to linger out their ignoble lives in unavailing efforts to cultivate the woods of Canada. How impolitic, how ungenerous, how unworthy of great nation was this! If we had kept our American armies at

of consuming the surplus mass of food and clothing which remains to the capitalists, after maintain-

our command for a few years, and had taken care that they were properly officered and commanded, we should have nipped the French revolution in its bud. At the expence of a few millions only per annum only, we should have fulfilled the duties which justice and honour impose; and we should have saved the expenditure of a thousand millions sterling. And what an Ocean of blood should we not have saved ! But it is useless to repine. It would be well for us if we should profit by the lessons of experience.

Many persons may say, "But are we always to be at War? if we keep our soldiers embodied we shall never have Peace." I answer, that we have been endeavouring to keep at peace for the last 100 years, and we have not succeeded. If this is not experience enough for our purposes, we had better consult history, and there we shall find that no great nation in the world ever yet was at peace for any considerable length of time. Why then should we take wishes and surmises in preference to facts? We may try to be at peace, as we have always done; but if we know any thing, we know that we shall try in vain, and therefore we must take care and be prepared for war whenever it may come. By so doing we shall be taking the only effectual measures to prevent it. Hitherto our improvidence and neglect have but invited the cupidity and encroachments of our enemies. Let us in future be better provided. Let us direct a proper proportion of our immense productive power into the maintenance and preservation of an efficient army, and then we may keep at peace as long as we can, and when we can do so no more, we may chastise and coerce our enemies as we please.

ing the productive labourers, who produced it. The number of carriages and large houses which

Our soldiers are employed during war in protecting nations and in abasing tyrants. Let them be employed during peace in great public works, in ministering to the glory or the welfare of their country.

Let them form great national roads or harbours, or let them build cities and cultivate wastes. Or let them be employed in raising monuments to the honour of England,—tombstones as it were, wherein the national glory may repose, when its existence shall have become a name,—sepulchres, which shall bid defiance to the ravages of time, for ever confirming the records and the lessons of history, for ever attracting the mournful contemplations of mankind to England, when England shall have become a desert.

It was thus that the ancient Egyptians, who have been called the wisest of men, employed their armies during peace. Instead of discharging the soldiers who had fought their battles; instead of converting them into labourers to day in order to re-convert them into soldiers to-morrow, they employed them in great public works of magnificence or utility, with the instruments of industry in their hands, and the weapons of war at their sides. They converted the sandy deserts into gardens. They governed the course of rivers, and fixed for the sea its bounds. They raised monuments and temples which have handed down their glory for four thousand years, and which yet exist as great land-marks in the ocean of time, for ever gratifying the admiration and the contemplation of man, for ever binding together the past, the present, and the future, for ever associating the most distant ages and nations in an unity of ideas, sympathies, and passions.

a nation can build and repair, and the number of soldiers, servants, paupers, and other dependents

Let it not be said that the labour bestowed upon pyramids, and temples, and statues, and monuments, was vain and useless to the ancient Egyptians, and that they would have been better employed in producing food and raiment, and the comforts and necessities of life. The production of glory, and of high excitement, is the first of all productions. If a nation possesses that, it is sure to possess all others; but wanting that, it wants every thing. If their labour had not been expended on these great national objects, which identified, and united, and exalted the nation, it would have been expended in the low and selfish gratifications of individual luxury, and in separating and degrading the population, by encreasing all manner of paltry distinctions among them. If we wish to give unity and strength to a nation, we must exalt its ideas, and gratify its national pride. This great principle exalts the social and sinks the individual character. It *generalizes* the man, whilst all other passions do but *individualize* him. We must take man as we find him. We must guide and controul him, according to the laws under which he was created, or we cannot guide him at all. Without sufficient stimulus and excitement human life will languish and decline. It cannot flourish in any country unless it aims at what is great and daring in science and in arts, or in arms.

No one can suppose that the population of Egypt in the present day presents the same mass of human happiness and enjoyments as it did in the days of her Ptolemys and Pharaohs; when Sesostris led her armies through the East, and the Queen of Cities opened her hundred gates to her innumerable population. She flourished in the midst of taxes

which it can maintain, depends upon the magnitude of this annual mass of surplus food and

and wars, and without any foreign trade. Her taxes and wars are gone. Her prosperity is gone. Her population is gone. But the monuments of her glory remain for ever.

So the Greeks and Romans, as long as they aimed at every thing that was great and noble in human life, flourished more than any other people in the world. But when their enterprize and their love of liberty, and their greatness of mind declined, they gradually degenerated and sunk in the scale of nations. Their wealth, their prosperity, and their population decayed with the decay of their glory.

So also when the hearts and the hands of Englishmen shall fail them,—when they shall fear to face their enemies in the field, or on the sea,—when they shall shrink from the burthens and expences of war, and shall prefer the paltry gratifications of individual expenditure, to the privations and the noble sacrifices which the glories of Nelson and Wellington require, then they will sink into the present state of the Greeks and Egyptians. Their population will become stationary or decline. They will cease to be happy when they cease to be renowned. When they cease to be the first of nations they will become the last.

I am aware that there is among many persons an old prejudice against what are called standing armies, which are generally thought dangerous to liberty, but I apprehend that they are only dangerous in countries where liberty has never fully and securely established herself. The idea of a standing army being dangerous to England or America, appears to me to be perfectly visionary. The state of society, and its capacities

clothing. It is annually expended by the capitalists in any way they please ; but whether the whole

of resisting arbitrary power, are very different in England and America from what they were in ancient Rome, or are now in modern France. Washington could never have enslaved the Americans. Nothing could have enslaved them but the invasion of foreign armies, and the extermination of one half of their population.

Let the army be used well by the people, and there is no danger of their deserting the people. James the Second attempted to turn his army against the people, and he lost his throne in consequence, at a time when the moral character of the English people and the force of public opinion were far inferior to what they are now. He thought he could rely upon his army because he was their chief, but he found to his cost that the people were their fathers, and their brothers, and their friends. The shouts of his soldiers, on the release of the Bishops, convinced that bigoted tyrant, that in a free country, monarchs are responsible to public opinion; and that whenever the king and the country are at issue, the soldiers will choose rather to serve the public, who are the origin of all power, and of all pay, in preference to serving a King, who is only enabled to pay them by the contributions of the public, and whose power deserts him the very moment the people desert him. James the Second attempted to force the English mind to his own arbitrary purposes, and he lost his crown. "Call you that nothing," said he, when he heard the shouts of his soldiers. "It is more than my crown is worth." When he heard those shouts he knew that his throne existed no more, for the populace had deserted him, and the capitalists had deserted him, and now his army deserted him ; the inevitable consequence of his opposing the wishes of the nation,

of it is expended in maintaining soldiers, and sailors, and servants, and coach makers, and house-

The example of Charles the First is the same. He had half the nation on his side, but he lost his throne and his life, because he outraged the feelings of the other half; in fact, because his mind did not advance with the advance of things.

If a King of England should ever attempt to turn his army against his country, his throne would in an instant crumble under his feet. The armies of England are indeed formidable to the enemies of England, but they are neither formidable nor injurious to the liberties of England. The English soldiers are identified with the people. All their habits, their sympathies, their character, their honour, their feelings; every motive, and every principle of their hearts attach them to the laws, the interests, the sentiments, and the rights of their country. They may fight against the populace, from whom they draw their existence; or they may possibly fight against the capitalists, from whom they draw their bread; but they cannot fight against both. Their very composition forbids almost the possibility of treason to their country, for the men are connected with the populace by the community of blood, and of feeling; and the officers are selected from the nobility and gentry, towards whom all their habits and associations attach them. If there is any body of men among whom the sentiments of honour, and duty, and patriotism, are stronger than among others, it is certainly the army. It is not possible that they should combat against the strongest affections of their hearts. If a successful General, or a deluded King, should ever for a moment draw them astray, their bayonets would drop from their hands when they entered the field of battle against their country; or, if neither their honour, nor their interest, nor the execrations of their friends, nor the cries of dis-

builders and others, who give their labour in exchange for their maintenance ; or whether part,

gust and abhorrence, should restrain them, the indignation of their country would destroy them.

A King of England reigns in the affections of his people. As long as he retains them his throne is secure, but the moment he loses them it begins to totter. He may look in vain to his soldiers for support. His soldiers have neither the will nor the power to support him, who has no longer any power to support them. The strength of his throne was the public opinion ; when that has deserted him, his sceptre has become a rush, and his throne but a wooden chair.

We may boast of our House of Commons as much as we please ; and it cannot be doubted but that House will always contain as great a proportion of integrity and intellect as any body of men can well be expected to contain ; but yet after all, we must acknowledge that they are but men, and subject to human passions, let them be chosen however they will, and that the grand securities of our liberties are to be found not in the passions of their depositaries, but in our own hearts, and heads, and hands, in the strength of the English mind, and in the weight of the public opinion. As long as mind is cultivated and character valued in England, the English liberties are secure from *all Royal encroachments* ; but whenever those great principles are lost, all the checks and balances of the Constitution become mere names.

Let the tempest of English passions sleep, and English liberties are secure. They will never fall as long as industry is rewarded, as long as food and clothing can be produced without

or the whole of it, is expended in maintaining paupers and beggars, who give nothing in exchange for their maintenance; can make but little difference to the riches of the country, and

occasioning the ruin of the producers. But if the circulating medium is suffered to become inefficient for its purposes, if the lower classes are suffered to remain hungry and unemployed, and when they call upon their country for bread, their country is to give them a stone, then there is no answering for the extremities to which want, and misery, and despair, may goad an alienated and a lacerated people.

No, it is not by the standing army, or by the King, that the liberties of England are endangered. Whenever they fall, they will fall by the ebullitions of popular enthusiasm, or by the diseased excitement of the human mind. When the vain passions shall triumph over sober reason. When the love of change shall have become rooted in the English people. When they shall thirst after shadows, and theories, and ideal perfections, in preference to justice and order, and the substantial benefits of practical liberty. When they shall "seek to force human nature to their own arbitrary principles, instead of accommodating those principles to the lessons of history, and to the knowledge of the human heart"—then the liberties of England will fall. Her laws, her juries, and her judges, those sacred depositories of liberty, will give place to popular tribunals, animated not by justice, but by the most violent excitements of passion and of ambition. Rising with every fluctuation of popular delusion, and changing with every change of victims, those tribunals will allow no liberty but the liberty of being murdered or banished, and the affrighted people will quickly seek relief in military despotism from the more frightful tyranny of such a liberty as this.

none in the individual quantities of food and clothing, which the population can individually receive. It neither encreases or diminishes the sum total of food and clothing to be annually consumed in the nation, although whatever part of those articles is expended in works of charity, has the effect of degrading and depraving the individuals through whom it operates, and of injuring and contaminating the great mass of the nation, by introducing paupers and beggars into contact and competition with honest labourers. The compassionate feelings of humanity are indeed gratified, but the objects upon whom those mistaken feelings operate, are ruined, and the whole of the community are injured. Whatever part of the annual mass of productions the capitalists may expend in charity, necessarily diminishes the magnitude of their general expenditure, and gives to paupers and beggars the food and clothing which would otherwise be consumed by labourers.

It is in vain for the capitalists to expect that the lower classes will entirely maintain themselves by labour, so long as they can be maintained in idleness by their richer neighbours. The lower classes are like children shuddering round a Christmas fire. They shrink from the frost and the snow to which they are exposed abroad ; but

let them once begin their amusements or their business, and they no longer feel the wind and the cold, but they even prefer the inclemency of nature to the tedious and insipid comforts of the fire-side.

So it is with man. Labour and care are too painful in their first impressions, and idleness and improvidence are far too agreeable to our nature, to allow the possibility of the lower classes entirely maintaining themselves, so long as they know they can be maintained by others. But let the capitalists withdraw their unhealthy props and their crutches, and the swathes and bandages with which they have crippled and enervated the human mind, and the lower classes will then be forced to rely upon their own powers, and those powers will not deceive them. Their mental limbs will develop their utilities with the necessity of action, and they will soon acquire the confidence and the energy which independence and activity give. They will soon discover that the beneficent Author of Nature has created nothing in vain, but that he has given to all his creatures ample powers for supporting themselves and their young. Those powers will rapidly provide them with far better accommodations than they derived from their former state of slavish dependency, and they will themselves receive a greater benefit from the change than even the capitalists, from whose

stores they formerly drew the means of supporting their wretched existence.

But I must again remind you that the circulating medium is the grand engine by the means of which all the transactions of social life are carried on. If we had never known its benefits, we should never have felt its loss. The principles of barter would have sufficed for animal life, and animal life would have been all we should have had to boast. If the circulating medium is not encreased with the encrease of the population, with the encrease of the business which it has to perform, it is not the encrease of the population, but the deficiency of the circulation which injures the country then. The Government of the country claims the right of creating the circulating medium, or, at least of creating the basis upon which it acts, and I will not dispute the utility and propriety of this right. But when Government takes upon itself a right, the very name involves a duty. That duty is to preserve the circulating medium at all times equivalent to its purposes. Woe unto the nation wherein this duty is neglected! The encrease of population, or the encrease of science and of productive powers, or the diminution of confidence and of the moral powers of creating a circulation, may from time to time require double creations or facilities from the Government, and if those creations or facilities are

neglected or delayed, nothing but danger, and distress, and ruin, can ensue. The circulation is then overpowered, and shrinks under its labours, and at last stagnates in the political body. The strength of the country becomes then its weakness. The heads, and the hearts, and the hands, whose multiplication had multiplied the strength and the wealth of their country, are then no longer required. The astonished merchant looks then for his riches, and he finds they are no more. The farmer and the manufacturer, toil from morning till night, but all their labours are in vain. The reward of their industry is gone. The organ with which they act has become unequal to its purposes; and if they are so unwise as to persevere in the use of it, they soon reap a bitter recompence in their own ruin.

But if the circulating medium is kept equivalent to its purposes; if proper proportions of the dead and fixed capital of the nation are converted into an active and circulating capital; then every encrease of the population carries with it the modes and the means of its own support. Production and consumption encrease mutually with each other. They multiply with the multiplication of hands and mouths; and whether a large proportion of the lower classes shall consist of paupers and beggars, or the whole shall consist of honest and happy productive and unproductive labourers, depends entirely upon the channels

through which the capitalists of the country may think proper to expend their annual income; to expend that annual surplus of food and clothing with which the productive labourers supply them. Paupers will always be found to ask, as long as charity is found to give. In the exact ratio that the means and disposition of charity enlarge, in that very ratio, do the numbers and the claims of paupers encrease, and every ounce of bread which they draw from the capitalists, is drawn out of the hands and out of the mouths of honest labourers and their children.

Annihilate charity, and you annihilate paupers; but you do not diminish the numbers of the population, you only change its character, you only give that reward to industry and care, which you formerly gave to idleness and folly. Encrease your charity, and you encrease the numbers of paupers, but you do not encrease the population, you only change its character again, you only give that reward to idleness and folly which you formerly gave to industry and care; you only drive honest labourers out of existence, in order to create paupers and beggars. The former are forcibly converted into the latter.

But since the number of paupers in every country depends entirely on the demand for

paupers ; upon the quantity of food and clothing, which the gratifications of charity place at their disposal, it may be asked, upon what then depends the state of poverty and wretchedness in which the lower classes, in all countries, in a greater or less degree, are destined to exist ?

I answer, that it depends entirely upon the character of their own minds ; of their wants and habits ; and of the climate and system under which they live. The density of the population, instead of injuring the circumstances of the lower classes, does but facilitate and encrease the modes and the means whereby they obtain the necessaries of life. It is not the living upon humble fare, which constitutes wretchedness and poverty, but it is the perpetual thirsting after better accommodations than humble life affords, without using the exertion and the foresight which the Author of Nature has ordained shall be necessary before life can be supported at all. This species of wretchedness will always be found to exist in a greater or less degree. It is a mental disorder, and nothing but mental remedies can cure it. Whatever relief is held out by charity and humanity, tends but to aggravate and embitter its character, and to extend its baneful and ruinous effects. We must remove the deep-rooted causes of the disorder, if we would remove the disorder

itself. As long as those causes remain, the capitalists of the country might give all that they have to the poor, without the possibility of diminishing the mass of misery which the poor endure. The capitalists might even remove the poor to another country, but it would not long diminish their numbers *here*, for in the exact ratio that one was removed, another would be created or converted by the demand which his removal would occasion.

Let the Poor Laws be corrected or repealed. Let no relief, whatever, be given to persons who are able to work; but let every one have a legal right to demand work (at, perhaps, two thirds of usual wages), from public establishments in every county; and let the circulation be kept on so ample a footing as shall create a greater demand for labour, than labour can possibly supply; and I venture to predict, that in a very few years, we shall hear no longer of the misery of the poor. Sick-ness and misfortunes, and old age, and childhood will indeed exist, and they will, perhaps, require the attention of the capitalists to relieve and support them, but when once the public and private charities of the country are confined to these channels, it will be found that very small funds will soon be adequate to supply them; and those funds will be rendered less necessary every year, by the improved character which the population will assume. The improvements of society and the

changes and fluctuations of fashion and of trade, will, it is true, be continually precipitating thousands of unsuspecting individuals into comparative poverty and wretchedness; but as long as the circulation is kept equal to its purposes, those individuals will always be taken up in other trades, and they will have no occasion for any kind of relief, but what their own hands and heads will afford them.

If it should be possible, however, that these kinds of persons should not be instantly taken up by other trades, on the decay of their own (which I deny), yet even then, the public establishments, to which I allude, would provide an abundant employment for them, at two thirds of the wages which labourers are accustomed to receive. The expence of these establishments would only be the capital employed, for after they were once set in motion, they would be found to maintain themselves. Nor would their productions interfere with the general trade of the country, for in all probability they would consume as much as they produced, and if they did not, the surplus of productions would be profit to the nation, and might be expended in national purposes in the place of taxes and loans.

But in truth, all those notions are erroneous which allow the possibility of a nation producing

too many productions. Too great a proportion of the national industry and capital, may be diverted into one channel, but too great proportions cannot be diverted into all channels, because productions are the only riches, and because the production of all, is only effected, by causing an adequate consumption of all. If the whole of the productions of these public establishments were sold in the common markets of the country, it would not interfere with those markets in the least (I speak generally, and not particularly), because the money which those productions produced, would be immediately re-expended, in purchasing and consuming other articles, to just an equal amount, which otherwise could not have been purchased, and thus productions of one kind, would be removed out of the markets on the one hand, just as fast as productions of another kind, were introduced on the other hand.

It may well be concluded, that when these establishments were once formed, there would be very little demand upon them for employment, because the small wages and the hard labour with which they would be attended, would leave the applicants sufficient inducements for them to take care of themselves, and get better employment elsewhere as soon as they could possibly do so.

The principal use of such public depots of industry, would be to force the lowest classes of the poor into habits of industry, and of relying on their own powers by removing from them the means of imposition, and the temptations and inducements which a blind charity affords for their own ruin. When it was known that these depots existed, the tribes of beggars and wanderers who now traverse the country backwards and forwards, levying contributions upon the charity of the public, would be forced to apply themselves to honest industry, because the public would know that they might do so if they would, and therefore the fact of their being beggars would be proof that they were not willing to work, and consequently that it was no charity to relieve them. The means of their support as beggars would thus be removed from them, whilst other means of support as labourers would be provided for them by law, to prevent the possibility of their suffering from want of work.

Thus, if it should be possible for an honest man to be in want of employment in a healthy state of the currency, that employment would be afforded in the public depots, and leave poor people no excuse for begging; and as for those infirm persons who were unable to work, the present means of parochial relief would be quite sufficient for

them, without requiring the interference of private charity.

Every description of labour might be found in the public depots, but varying according to the local character of each district or country. At two thirds wages, the country could not sustain much loss, but if the whole of the expences was a total loss without any return in commodities, yet still the return which would be made in the improved conduct of the populace would be an ample compensation to the nation. If it should be thought a very difficult thing, however, to find labour that would make a substantial return to the public for the expence of these depots, I should imagine that the whole of the applicants for labour might be beneficially employed upon the public roads in every county, for more than a hundred years to come, or they might be employed in building a double number of churches and places of worship, which it seems to me that the doubled numbers of the population imperatively require. There would be no difficulty in employing them in some way or other, and whether the nation gained any pecuniary profit or loss by such employment would not be an object of much importance. The grand object would be the renovation of the population, and the arresting of the misery and degradation to which they are at pre-

sent exposed. In comparison with this, the expence is a perfect trifle.

No assistance, whatever, under this system would be required to be given in money, or in any other way to persons who did not dwell in the workhouse, and if the workhouse should not be large enough to contain all the infirm and helpless persons that might apply for admittance, it should be enlarged, or other buildings should be hired in addition. No evil or considerable expence would attend this mode of proceeding, and without it there would be no possibility of preventing the means and inducements of imposition.

The present workhouses would thus become depots of charity, in which all sick, and infirm, and helpless persons would find refuge and protection. But there would be no opening for imposition, because no relief would be extended out of the workhouse, and no persons would be admitted into them without the certificate of respectable surgeons that they were unable to work.

The depots of industry would furnish employment for all persons able to work, who might possibly be in want of employment; and if such persons were employed in any great public works, their labour would repay the country for their

maintenance. If it should be thought better to employ them in producing articles and commodities, there could be no loss in so doing, because all of them are competent to work at something or other, and if they were employed at only two-thirds of the usual wages of their trades, their productions would be sure to repay the amount of their wages, particularly if the inspectors and overseers employed were allowed a proper participation in those productions. I have said before, that these productions, however great they might be, would not injure the general markets for the sale of all other productions, because as fast as the depots brought their articles into market for sale, they would purchase and consume an equivalent amount of some other articles. They would have no more effect upon the prices or the demand in markets generally, than so many additional labourers brought into action in the usual way. The depots of industry would produce various articles, but they would consume just an equal amount of other articles, either in the shape of wages, profits, or taxes.

By acting upon this system we should obtain a separation between employment and charity, which would have the best effect upon the morals and feelings of the lower classes. Employment is a right which a good citizen may claim of his

country without any kind of degradation or obligation. If he is so unfortunate as to be unable to find employment, at the same time that he is willing and able to work, it is the duty of his country to find him employment, for he cannot be expected to die, nor ought he to be expected, or allowed to beg. If his country refuses his just claim to employment, and refuses to take the advantage of his labours, such unjust and neglectful conduct may well be supposed to alienate his affections, and perhaps his duty, from her support.

But although employment is a right which a good citizen may claim from his country, in return for his loyalty and obedience, yet charity is no right, and no claim, but is altogether gratuitous on the part of the country or individual bestowing it. No man has any claim to the charity of another, because he gives nothing in exchange for it, and society owes him nothing. The fact of his possessing nothing, and being in want, gives him no claim upon the stocks of those who do possess something, and are not in want. All stocks come from labour, and without labour there is no bread for man. If such an individual, therefore, is in want of bread, he must do as others do, or have done before; he must labour for it, and since it takes twelve months before he can obtain it in that way, and also some kind of capital to begin with, it is

therefore necessary, if he wishes to live, that he should sell his labour to some person who is willing to buy it; and thus alone a man possessed of nothing, is enabled to support his existence. All charity is, therefore, no right or claim, but purely a spontaneous offering or donation made by the generous sympathies of the rich, in order to relieve the sufferings of the poor; and as such, it ought to excite nothing on the part of the latter, but sentiments of deep-felt gratitude and respect.

But when we see charity and employment confounded together, when we see the pure gratuitous offerings of humanity confounded with a right which the labourers possess, and which it is necessary to their existence that they should possess, we cannot then wonder to perceive that all notions of right and wrong are confounded among many of the labourers, and that they receive assistance from public or private charity, not with the grateful feelings of men receiving what they have no right to expect, but with that savage and moody malignity which still considers itself unjustly deprived of nine times as much as it receives. Let charity and employment be separated, and this fatal turn of mind will exist no more. The poor man will receive his right as a right, and if he should want charity, he will receive it as a gift. Instead of thinking himself injured by what

is withheld from him, he will be grateful for whatever he receives.

There is, perhaps, no place where the use of these public depots of industry would be more visible than in London. The tribes of "Juvenile Delinquents," as they are called, which infest the streets of London, would disappear as soon as a proper demand for their labour was provided. Many persons seem to find it difficult to account for the great number of these little wretches who are annually thrown upon the public in London. It appears to me that it is owing principally to the want of an efficient demand for their labour, which ought to be provided by the State. In London there is generally a demand for the labour of grown persons, but there does not appear an equal demand for that of children. Crowds of men and women emigrate from the country to London annually, but there is no counter emigration of their children taking place, and there is no adequate employment for them there. Man servants, and maid servants, and soldiers, and sailors, and labourers, and artificers of a thousand kinds, are wanted, but few children. There are in London, comparatively speaking, scarce any manufactories, I believe, where the labour of children is required. In Manchester, Birmingham, and other large towns, there is a demand for the labour of chil-

dren as well as of men, and consequently the "juvenile delinquents" do not infest those places so much as persons of a graver age. In the former place the cotton mills furnish a greater demand for the labour of children than for that of grown men, whose labour is so depreciated by the competition of the children, that a working man in the cotton mills can hardly support his existence unless he has three or four children to assist him. Children at a certain age are an assistance to their parents in Manchester, but they are a heavy burthen in London at all ages.

In such a large and corrupt place as London, thousands of miserable little beings are annually left helpless upon the world by the death or desertion of their parents, and these poor creatures have no possible way of maintaining themselves but by begging and stealing. They are like so many little hungry wild beasts in a forest. To talk to them about right and wrong, and about their duty and interest, is perfectly in vain. Their duty is to live, and not to die. They must live, and they can only live by knavery. They are much to be pitied. They ought to be taken care of. Hundreds of them may be seen huddling together at midnight in such places as Covent Garden. Many of them die in this kind of severe seasoning, but those who survive soon learn to pick up

some kind of livelihood by all manner of roguish tricks and impositions; and thus they are led on by a kind of necessity from idleness and want to misery and crime, until they become ripe for the hand of justice, which cuts short their sufferings and their days. The establishment of cotton mills by Government in London, would give employment to many thousands of these little friendless wretches, and most of them so employed, would be saved from Botany Bay or the gallows. The loss upon such cotton mills, if any, would be amply repaid in the diminution of the expences of the Newgate calendar. Some injury might be sustained by the Lancashire cotton mills, but if there was, it would be more than compensated by the benefit accruing to other trades from the consumption of food and clothing which would be occasioned by these productions of cotton. The little urchins would produce cotton, and perhaps hurt the cotton trade, but they would consume an equal value of food, and clothing, and benefit the trade in those articles, in just an equal dergee, at the same time that they would be educated to habits of industry, and would be maintaining themselves, and relieving society from the burthen and the cruelty of watching and punishing them.

To revert to the effect of population upon food. You remark that it is not the question, whe-

ther one labourer produces enough for three or four or not, but whether the three or four have the power to pay for his productions when produced. I answer, that this power of paying for them, depends entirely upon the currency being adequate to its purposes. If the legislature does its duty in this respect, it is not possible for the three or four to want the power to purchase. I have stated above, that the surplus productions of food and clothing are the only real riches which a country can possess. All other riches are mere modes and channels through which these real riches exhibit and develope themselves. For instance, carriages and great houses are merely an aggregate of the food and clothing, and other necessities, consumed directly or indirectly by the workmen employed in producing them. Those workmen would be equally satisfied with the food and clothing which they obtain, even though they should receive no money at all; but money is made use of as a measure of labour and of value, in order to save the trouble of carrying backwards and forwards the weekly proportions of food and clothing which the weekly wages of those workmen produce. If therefore the money or circulating medium of a country is kept equal to its purposes, it is just as easy to pay the workmen in money, as it is to pay them in the food and clothing which that money produces. No one will pretend

that we wanted food and clothing during the years 1814 and 1815, but we wanted the organ or medium by the means of which all food and clothing is divided, exchanged, distributed, and consumed. The circulating medium was suffered to contract in its dimensions, and it became unequal to its purposes, and it could no longer effect the distribution of the food and clothing among the population, who in consequence were perishing for want in the midst of unbounded riches.

It would have been better for the nation to have had no circulating medium at all, than to have possessed a medium so contracted in its magnitude and powers, as not to be able to effect the exchanges of property on the same ratio of prices, at which property had been produced and obtained. If that ratio had been kept up by the necessary creations of money, then the capitalists of the country would have possessed the same command over money as they possessed over property, and they would have distributed their surplus productions of food and clothing among the unproductive labourers in exchange for their labour, through the medium of money; in the same way as they might have distributed them through the medium of barter, if money had never been invented. But money had been invented, and the nation relied upon it, and forgot the principles of barter.

Money was suddenly reduced one half in its amount. Prices fell in a similar degree. Production and consumption were alike arrested. The producing capitalists could no longer produce, because all production was attended with loss. The consuming capitalists could no longer consume,—could no longer distribute their food and clothing among the unproductive labourers, because they could no longer command the medium through which it was distributed. It was then seen that not only could not the * three or four unproductive labourers pay for the surplus food and clothing which the single productive labourer

* I have shown in former publications that every labourer in England produces on the average at least four times his own maintenance. I have also explained there several other things to which I have occasion to allude, which renders it unnecessary for me to enlarge upon them here.

Whatever I have said in former publications, should be taken with reference to the time in which they were written: I have been rather censured by some, in July, 1817, for a statement respecting money, which was perfectly true when I made it in the beginning of the January preceding, but which became incorrect by July, because new creations of money had, in the mean while taken place by Legislative means. I wrote the "Remedy," in June, 1816; "Prosperity Restored," in the Christmas following; and the "Letter to Mr. Vansittart," in May, 1817; and I am of course only answerable for the statements contained therein, as far as concerns those particular periods.

produced, but even the productive labourer himself was driven out of employment and out of bread.

All this was the error or neglect of the nation in suffering the circulating system to break up. If that system had been kept up, prices would never have fallen, but the farmer and the landlord receiving the same monied income as formerly, would have been enabled to have continued their annual expences as formerly, and through those expences, the whole trade of the country, external and internal, would have been preserved, and the greater had become the annual productions of food and clothing, the greater would have become the individual distributions which the population would have received. The increased density of the population would have increased the productive powers of each given number of the population, and would consequently have produced a greater quantity of productions, to be distributed individually amongst them. An adequate encrease of the individual happiness of the population could only have been prevented by the encrease of charity, and luxury, and vice.

Man multiplies his numbers in a geometrical ratio. He multiplies his riches in a still higher ratio; because the division of labour, and the productive powers of any given number of the popu-

lation, encrease with the very density of that population itself. After a certain period; it is possible, as I have before observed, that the productive powers of agricultural industry may not encrease in so high a ratio, but this has no effect in diminishing the quantity of agricultural articles required and produced; it only has the effect of diverting a greater proportion of the population into the character of productive labourers. In other words, it encreases the expences of producing the extra food and clothing required, and diminishes the amount of rents and taxes, which can be drawn from such extra food and clothing, without at all affecting the distribution of the present mass of food and clothing which is annually produced, and without in any way interfering with the comforts of the population.

Whenever the point is reached at which a productive labourer can only produce his own maintenance, then it may be presumed, that the population of that country can be carried no further, without the assistance of foreign trade, or without interfering with the national happiness. It may then become adviseable for the country to facilitate the formation of colonies either dependent, or independent of itself, into which the surplus population will naturally discharge themselves as fast as they are created. Or it may be proper to extend.

the territorial limits of such a country, and to purchase or take possession of distant and barbarous countries, which the strength and the riches of a great population will easily enable them to controul and defend. Indeed, it may well be presumed, that before a country of any extent has reached the point to which I allude, if it preserves its intellectual and moral powers, its strength and energy will have become so great, as to render its will a law to all its neighbours, and to give as great a security to the most distant settlements, as even to its own threshold.

But I apprehend that our own country is yet very far removed from such a point as this, and I suppose that I shall not be controverted by reason or facts, when I assert that the population of the British Isles may yet be quadrupled, and that population may still continue to derive, from our own soil, greater individual proportions of food and clothing than the present population receives.

In support of my opinion that no evil has arisen, or is likely to arise from the encrease of our population, I might appeal to facts, within the last twelve months. Twelve months ago, there was a great scarcity of money, throughout the whole country. A general reduction of prices and stagnation of trade had taken place, and one third of

the productive and unproductive labourers were unemployed. It appeared literally as if the country contained one third more population than it could employ or maintain. At that period the Government was in the process of borrowing nine millions from the bank, for the current expences of the year; and immediately as that money came into action, the situation of the money markets of London was changed, and the progress of national misery was arrested.* Soon after Christmas last fif-

* This nine millions advanced in 1816, had little comparative effect any where but in London, in restoring the activity of industry for a long time, except so far as that object was affected by arresting the general distress in London, and the bankruptcies and mercantile embarrassments there, which would have been felt in every corner of the country sooner or later, had not the improvements in the money markets in London, contingent upon the creation of this money, taken place. So also the fifteen millions drawn out of the Bank after Christmas, by the Exchequer Bills, was some time before it spread into the country. It first acted on the Funds, and when it had raised the price so as to afford but small interest for money, and great inducements for sales of stock, it then overflowed into the country, and produced the effects we now see.

The first appearance of improvement in the money markets of London was about Michaelmas, 1816, when bankers and brokers were, for the first time, suddenly surprised by an apparently unaccountable plenty of money, which began then to appear after several years of extreme scarcity. But the National Funds con-

teen millions more were borrowed from the bank, on exchequer bills, apparently for the purpose of

tinued stationary at 62, until the end of February, 1817, when the 3 per Cents. suddenly jumped up from 62 to 74. They then fell to 69, occasioned by a kind of *rush* from the country, which sent up thousands of Powers of Attorneys for sale in the course of a few days. Soon afterwards the 3 per Cents. again jumped up from 69 to 85; and again a similar *rush* from the country occasioned them to fall to 79 and 80, at which prices they continued for two or three months, and they have since gradually risen to their present price of 83. These *rushes* from the country were the natural consequences of such great and sudden advances in the prices of stocks. The stockholders in the country who were ignorant of their cause, were naturally agitated in the extreme, by fluctuations which suddenly increased their property one-fifth and one-third, and were exceedingly desirous to realize such immense profits as fast as possible. This caused the two *rushes* to which I allude, and which must be in every one's recollection, and would of course cause another *rush* of a similar kind, if any additional increase of money should again act in raising suddenly the prices of the funds. These sales of the country stockholders have been the principal means of making money plentiful in the country. I stated in the "Remedy," in June, 1816, that an issue of ten or fifteen millions of additional bank notes would raise the 3 per cents. to 80 or 90; and thus the stockholders would be benefited by the increase of their principal, about as much as they would be injured by the depreciation of money. If I recollect right, Sir John Sinclair also stated the same thing about the same time. But this statement of the prices of the funds, shows that even in London money was not plentiful at Christmas last, because if it had been so, the 3 per cents. would have risen, which they did not.

encreasing the circulation; and no sooner has that money come into action, than a general renovation of prices and of industry has been visible throughout the country. The national funds have risen 200 millions in their selling price, and land has risen nearly in the same degree. Thousands of

do, until the end of February or beginning of March. And for many months, after money became plentiful among the bankers and brokers of London, it was exceedingly scarce among the public at large there. The money was forced into existence through hands who had no means of spreading it into circulation, excepting through the medium of discount of bills of exchange, or purchases of national securities; and therefore all these kinds of channels in London were glutted with money at a time when the great body of merchants, manufacturers, and shopkeepers of London were exceedingly distressed for the want of it. The holders of exchequer bills paid off by the bank, had no employment for their money when they received it, and consequently they placed it in the hands of the bankers, or they purchased in the funds, until they should have opportunities of making purchases, or of lending upon proper mortgages. The greater part of this money had, therefore, no immediate contact with the commercial interest, which was suffering from the want of it at a time when the bankers were suffering from the plenty of it; because at a time when the reduction of prices, and of trade, had reduced the quantity and amount of bills of exchange which bankers could discount, they had thrust upon them a greater sum of money than they could have employed upon discount, even in the most favourable times; and it must be recollected, that the regular channel of bankers issuing money is through the discount of bills.

manufactories have again been set in motion. Foreign trade has risen with the home trade, and it is now evident to every one, that the period is rapidly approaching, when our apparent surplus population will all have abundant employment in producing the good things of life, on the one hand, whilst they are equally consuming them on the other.

The excess of population was most visible in the iron, cotton, and silk trades. No one contends that there is much excess in those trades now. The prices of their manufactured articles have risen above the expences of producing them, and the principles of their production are set free. The workmen in those trades are now employed in producing iron, cottons, and silks, and by the very process of that production, they effect the consumption of just an equal amount of some other British goods, or of foreign articles for which British goods are exchanged. The same process is rapidly going on in all other trades. All are becoming producers of one article, and consumers of all other articles to just an equal amount. Let Government watch the circulation, and let them always keep it equivalent to its purposes, and it will not be possible that a single honest man in England should want ample employment and ample comforts, although the population should be quadrupled.

I have lately been looking over a Report of the Committee on the Poor Laws, ordered by the House of Commons to be printed on the 4th of July last. It rather accords with the subjects of this letter. It abounds with sensible and judicious remarks, but it contains one radical error, from which a long train of other errors necessarily proceeds. It mistakes the effects of a mere deficiency of the circulating medium for those of a deficiency of capital, or of what it terms "funds for the employment of labour." It represents that for several years past the funds for the employment of labour have not been equal to the supply of labour, and it therefore recommends, that the emigration of labourers should be encouraged. I will take the liberty to place this part of the subject in rather a clearer point of view. The fact is, that the funds for the employment of labour have never been deficient for that purpose, until the organ through which they are produced and distributed became deficient, and the deficiency of that organ has not only acted in arresting the distribution of those funds, but it has also acted in arresting their creation, for it is by industry that the creation of those funds is carried on, and it is by the monied prices of commodities being sufficiently high to cover the monied expences of their production that all industry is employed.

The Committee represent that if the supply of labour should exceed the funds which the nation possesses for its employment, the surplus labour must be unemployed; and all this is very true, only it is supposing a contingency which is not possible to happen, unless by some accident labourers are rained down from Heaven, so suddenly, as to devour all the fruits of the earth before their labour can have time to reproduce them. We must recollect, that all "the funds for the employment of labour" which can possibly exist for one year, are merely the productions of the labour itself of the preceding year; and, therefore, since each labourer upon the average produces more annually than he annually consumes, it is not possible for labourers generally to be in want of sufficient funds for their maintenance and employment, unless the organ through which these funds are distributed becomes deficient, or unless the labourers themselves increase so suddenly as to consume all the necessaries of life which a country possesses, before their labour can have time to reproduce them; and this latter alternative is certainly not possible under any common circumstances of human multiplication.

No one will contend that there was any deficiency of funds for the employment of labour in 1810, when the bullion report first acted in dimi-

nishing the circulation; or even in 1813, when the apparent approach of peace gave a threefold effect to that action. In those days there was as much food, and clothing, and other necessities, in the country, as the country could desire, and many persons even contended that there was too much of them, as if it was possible to have too much of things of that kind, and yet it was in those days that labourers began to want employment, and to want the enjoyment of those "funds," which every where existed around them, but which could no longer be distributed. This was not the deficiency of "funds," but it was the deficiency of the organ by which they are distributed. It was no want of food and clothing in the country, nor was it any cessation of the disposition to exchange them for carriages and other fine things, which unproductive labourers are employed in making, which occasioned this want of employment, and this general distress, but it was the want of the organ by which food and clothing are distributed, exchanged, consumed, and reproduced! It was the deficiency of money which threw labour out of employment, and left thousands of labourers to perish, whose labour alone would have given back four times the amount of the humble comforts which the support of their existence required. Food and clothing are the wants of labourers. When the possessors of the stocks of food, and,

clothing, and other necessaries, could no longer command the sums of money which the production of those stocks had required, and which they ought to have produced, they could no longer redeem the debts and engagements to which their stocks were subject, nor could they any longer continue to employ labourers in reproducing those stocks as fast as they were consumed. The monied expences of production were greater than could be covered by the sales of the produced articles, and therefore production was stagnant until the action of distress upon all classes had reduced the wages of labour, and all other expences, so far as to bring the cost of an article under the price at which it could be sold. So also the landlords and other capitalists could no longer receive the same monied income from their capital, and therefore they could no longer distribute the same monied funds as formerly. They were obliged to reduce their monied payments to the producers of luxuries, and other various dependents, until the action of distress upon their minds also, should have reduced their wages, and other expences, within the reduced monied means of their employers. Thus the whole machinery of social life was arrested, not that the same "funds" did not exist as formerly, not that the labour of the labourers, however numerous, was not worth far more than the support of their existence required, but that the organ through which the dis-

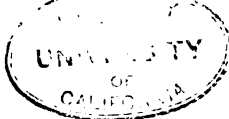
tribution of those "funds" was effected became deficient, and consequently their distribution could no longer be effected, among either productive or unproductive labourers. If that organ had been kept efficient to its purposes, it is clear that the distribution of food and clothing would have taken place through private expences and investments, as effectually as it took place during the war through public expences.

I have already alluded to this in the instance of a carriage. Human nature was not changed. The capitalists of the country, possessing the same amount of food and clothing as formerly, and commanding the same sums of money as that food and clothing had formerly cost them, would have been enabled, and induced to expend their annual income as formerly ; or if any strange fit of parsimony should have seized them, they must at least have been compelled to invest it in one way or other, and, therefore, although they might have thrown a few coach makers and lace makers out of employment on the one hand, they would necessarily have been compelled to bring some other descriptions of persons into employment on the other. Under this state of things it would not have been possible for labour to have wanted funds, and ample employment for its maintenance, but when we suffered the money to contract so as to form a

new ratio of the prices of commodities, we drove both productive and unproductive labourers out of employment, until the prices of labour should have been reduced in a similar degree, or until the magnitude and extent of the business to be done, should have been diminished in the same ratio, with the diminution of the agent through which it is done. There was, it is true, an apparent redundance of labour in the market, but there was also an apparent redundance of food and clothing in the market, or of what the committee call "Funds for the employment of labour," for the expression is without meaning in any other sense; and this apparent redundancy of food and clothing preceded the apparent redundancy of labour. The depression of the prices of commodities preceded the depression of the prices of labour. How then could it be said that there were not funds for the employment of labour, when all the markets of the country were glutted with food and clothing, before any market was glutted with labour? If the capitalists or proprietors of the stocks of food, and clothing, and other necessities, could have effected the distribution of these stocks by barter, or without the assistance of a circulating medium, it is evident that the country would never have suffered from the want of employment for labour. The annual productions of food and clothing would have been annually consumed, one fourth by the

productive labourers employed, and the other three fourths by the millions of unproductive labourers, who support their existence through the thousand channels which rents, and profits, and taxes afford. The farmer could have paid his rents *in kind*. The landlord, the merchant, and manufacturer, could have paid their debts, and have continued their expences *in kind*. The whole social system might have been preserved *in kind*; and if the circulating medium had been kept equal to its purposes, it might have been preserved in *money* with just the same ease as *in kind*. But the *monied* system of the country was changed. The Bank of England was forced to withdraw a great part of its circulation. The prices of commodities, which had acted upon the prices of labour, began to waver. The bills of exchange began to totter over the heads of the drawers. The country bankers saw the ground passing from under their feet, and they were forced to assume new ground. One half of the national currency was withdrawn. The exhausted nation turned its dying eyes to gold, but the fatal *maximum* was there. Gold had assumed new prices, and could no longer be converted into a circulating medium, without a loss of 50 per cent. to the converter, until the general misery, which was rapidly reducing all other commodities, should have acted also in reducing the prices of gold. But whilst gold, and commodities, and labour,

were reducing in their prices, man was dying. The "funds for the employment of labour," as the committee calls them, the stocks of food and clothing, and other necessities which the capitalists of the country possessed, could no longer be distributed and consumed in the various modes which the various dispositions of the capitalists required; and the reproduction of those stocks could no longer be effected in the various channels through which the interest of the capitalists was accustomed to act; and it is this obstruction of the circulating system, this *apoplexy* of the political body, which the committee terms a "superabundance of labour," and a "deficiency of funds for its employment!" Let the committee look around them now, and say where is now the deficiency of funds which they speak of. Fifteen millions of additional currency have been created, and the action of that currency has already added five times its amount to the real national riches, and forty times its amount to the *nominal* national riches. The issue of bank notes has been increased by wise legislative measures so as to bear *some* proportion to the amount of business which the circulating medium has to effect, and from one end of the country to the other, we hear of nothing but of an increased demand for labour, and of an apparent diminution of its supply. That apparent diminution is all ideal, but the increased demand



is real. Money has been created, and by its own nature it has been forced to act. Its action has created a demand for property. The demand for property has raised the prices of property. The rise of the prices of property has induced and enabled the production of property, and created a demand for labour. The production of property being thus set free, is only carried on by creating an equivalent consumption of property. Thus the demand for labour must soon become equal to the supply of labour, and when that is the case, there will be no occasion for any further encrease of the circulating medium. It is not possible for the supply of, or demand for labour, to exceed each other so long as the circulating medium is kept equal to its purposes, without being encreased beyond what the necessary wants of the country require.

I will take another mode of investigating the effects of population upon the means of subsistence. I insist that population does not press upon food,* until the whole country has reached the

* If population did ever press upon food, how is it that famines are never found to occur in populous countries? Famines are found in Sweden and Norway, and other countries, where there is scarcely any population and less cultivation. But who ever heard of a famine in Holland and the Netherlands, where the population is more dense than in any other country in Europe? In England, we have lately endured a state of things,

utmost limits to which cultivation can be carried, which has never yet been the case in any country

which would have destroyed one-half of the population, if it had occurred 500 years ago, when the population was small. But the immense population of England has created her immense riches, and these immense riches have sed her population during a period of three or four years of a re-action in prices, which has prevented the possibility of any articles being produced to a profit, although it is by the production of articles that life is supported.

Palestine and Egypt were formerly populous countries, and then they flourished. Their population is now thin enough, for they are converted into deserts. They have not mended their comforts by thinning their numbers. So it would be with England. A reduction of the population would reduce the means of life faster than it reduced life itself. It would reduce production faster than it reduced consumption ; and if we should persevere in our efforts to restore prosperity, by driving the population abroad, we should find that adversity would grow with our efforts to restore prosperity, until all the population we should have, would be birds and beasts, or men like beasts.

I have spoken above of the encrease of the nominal national riches in the last twelve months. I have rated it at 600 millions, but I apprehend it is very much more. The national funds, for instance, have risen one-third in their selling price, which is 200 millions into the pockets of the fund-holders : and land, and almost all other articles have risen in nearly a similar degree. Land alone has risen more than 400 millions in the selling price, which gives the landlords possession of so much more money than they possessed twelve months ago. All this

in the world. It is not upon food that population presses, but it is upon the remnant of our old feudal institutions that population presses. It presses upon the laws of usury and of coinage; and other laws made in the days of William the Conqueror, and of Elizabeth, which are totally unfitted for our present days.

Capital, as I have said, or riches, are the stocks of good things which the care and providence of the past has accumulated for the support of the present and the future. All capital comes from labour; for before labour existed there was no capital. Labour acts by the means of capital, and is supported by it. Labour acts upon the pro-

is an encrease of the *nominal* national riches. It makes no difference in the *real* national riches; it only changes the terms under which those real riches are distributed and exchanged. But the *real* national riches are encreased by the action of the newly-created money upon labour, in the same manner as the *nominal* riches are encreased by its action upon property. Tens of thousands of labourers are now brought into productive employment, and they are annually producing more than four times of what they consume. All this production is an encrease of the real national riches, and enables the nation to expend and consume just an equal amount of other productions through the means of wages, rents, profits, and taxes. One hundred millions sterling is, perhaps, a moderate calculation of the amount of these additional productions in the last twelve months.

ductive powers of nature and of science. Labour produces more than it consumes. The encrease of labour encreases riches or productions. Labourers encrease in a geometrical ratio. Therefore the productions of labour encrease in a geometrical ratio. It is not possible to have too much labour or too many labourers, because the encrease of labour is the encrease of riches, and because every labourer carries with him the annual production of a greater quantity of good things than he annually consumes. It is, therefore, not possible for population to press upon food, until the limits of nature shall be reached, until the encrease of the productive powers of nature shall be carried to such an extent, that any additional labour acting upon these productive powers, shall not produce so great an additional quantity of good things as the support of its existence requires. Then the limits of nature are reached, and man can no longer encrease his numbers without diminishing his comforts, unless his sphere of operations is extended. But it is wonderful to think how the productive powers of a population encrease with the density of the population itself. Observe the productive powers of a garden. Compare them with those of a farm, and see how the encrease of labour and of manure acts in encreasing productive power. See how grateful is nature, and how the encrease of the popula-

tion provides the labour and the manure, and the science for which nature makes so grateful a return. Rich land is a wilderness where man is not found. It produces nothing but thorns, and shrubs, and useless trees. But man appears and the wilderness becomes a smiling garden. Poor land becomes then fertile. Its fertility grows with the labour and the population, and though its productive powers may perhaps never equal those of naturally fertile land, yet the whole of them are made available for the service of man. Rich land in the wilderness is rich in vain. Its riches are not riches, for there is no labour to produce them, and no population to consume them. They are therefore dead. But poor land in the midst of a great population becomes rich, and rich indeed; for its productive powers become great, and they are all made available to the service of man. There is abundance of labour to act upon them, abundance of manure and of science to assist them, and abundance of population to consume them.

But if the encrease of population acts thus in encreasing productive powers even in agriculture, how much more must it act in encreasing them in manufactures. There the division of labour receives its full developement, and if labour acting upon agriculture produces four times its own

wants, it is probable that acting upon mechanics it produces at least double that amount.

How vain then is the fear that population should press upon food and clothing, when the very encrease of population enables every individual composing it to produce a greater quantity of food and clothing, than he could produce in a less populous society!

It is true we *may* reach the limits of nature, and then it will be time enough for us to consider about checks, and colonies, and emigrations, and celibacy, and infanticide; but until we do reach those limits, which have never yet been reached in any country of the ancient or the modern world, it is perfectly useless to alarm ourselves with visionary fears, and to busy ourselves with schemes and contrivances how to arrest evils which certainly never did happen, and probably never can happen, in the history of man.

No; we have nothing to fear from the *numbers* of our population. All that we have to fear is the deterioration of its *quality*. It is not possible for us to have too many honest labourers, for honest labourers are the strength and the wealth of a nation. They produce all, and they ought to consume all. Let the whole of the annual riches

of the capitalists be directed through their channels, through the channels of the hands that produced them, and there is no fear of those hands becoming too numerous for each others' welfare; because, as I have shewn before, they will naturally divert themselves into either productive or unproductive labour, whichever may most require them, and they will be sure to produce more than they consume. But if we are to divert the expenditure of the capitalists from its natural channels; if we are to draw food and clothing from the maintenance of honest labourers, in order to divert it to the maintenance of paupers and beggars, if we are thus to give a premium to idleness and folly, at the expence of industry and care, then there is no doubt that our population will be far too numerous for its own comforts, for it will soon consist entirely of paupers and beggars, and bad subjects, who give nothing in exchange for their maintenance, instead of consisting of honest and independent labourers, who give four times as much as they receive.

Here is the great question for political economists. The character of a population depends mainly upon the diversion of its capital. Shall we create a demand for paupers and beggars, or for honest and independent labourers? We may be assured that the supply of either will follow

raging and improving the breed of animals, and yet we are actually bestowing a premium in order to deteriorate the breed of man. We draw food and clothing from the maintenance of honest labourers and their children, in order to divert it to the reward and support of families of paupers and beggars. We sacrifice the strong and healthy, and valuable members of the community, in order to nourish and reward the infirm, the indolent, the vicious, and the base. All the feeble and rotten parts of the population are encouraged at the expense of the strong and healthy. Our conduct ought to be very different. We should follow the course of nature, and then we cannot err. Instead of sacrificing the labourers to the paupers, we should convert the latter into the former, or we should compel them to contribute to the rewarding of the former. By encreasing the rewards of labour, and by diminishing the rewards of pauperism, we should soon change the character of a great part of our population. We should find that the whole would shortly consist of happy and healthy labourers, all fully employed, and well clothed, and feeding upon abundance of beef and beer, the fruits of their own industry. If there should remain any annual surplus of productions or of profits, in the public establishments, which I have recommended, the best thing that could be done with such surplus, would be to distribute it in premiums among the most prudent, and honest,

and confidential labourers in the neighbourhood, taking care, above all things, that the largest distributions should be made among the most rich and affluent of such labourers; in fact, among those who had no occasion for them. By this mode of proceeding, we should be taxing idleness and improvidence for the encouragement of industry and care, instead of levying contributions upon industry and care for the reward of idleness and vice.

But if evils never yet did arise from a redundancy of population in any country, how is it then that such frequent fluctuations in human happiness take place, and that so much additional misery and distress have, from time to time, been experienced in every country in the world?

I answer, that in no country has political economy been ever understood. The science of wants, and modes, and means, has been neglected, whilst philosophers have been penetrating chemical affinities, and measuring the distance of stars. It has never been thought of, until within these few years, and the first attention which men have directed to it, has scarcely yet succeeded in penetrating the total darkness which surrounded it. It is no wonder, then, that error upon error attends all our first movements, in this

first, and last, and best of sciences. It is no wonder that men have been attributing their sufferings to all manner of extraneous causes, because they have never investigated the principles from which all sufferings and all comforts proceed. When we reflect on this, we cannot wonder that men have looked to the wildernesses of America for food, and have forgotten that their own countries contain a greater degree of neglected productive powers than any wildernesses can afford. Those productive powers have been crippled in their own countries, and left free in America; and therefore men have thought that America provided them a better livelihood than their own countries. Because the division of labour, generally speaking, has not yet obtained in America, and because, therefore, the farmers and settlers are enabled to maintain labourers *in kind*, in the articles which they produce themselves almost without the intervention of a circulating medium; or because the circulating medium has been created in America in abundant quantities, it has therefore been thought that America presents greater advantages to labour than Europe, and gives labour a more grateful return. Because the division of labour has been carried to a great extent in Europe, and because the producers of articles are only enabled to effect the distribution and consumption of those articles, through the ac-

tion of a circulating medium, it has therefore been thought, that a mere deficiency of the circulating medium has been a deficiency of productive powers, and that cultivated Europe has no longer presented the same reward for labour, the same grateful return for industry, which the wildernesses of America afford!

There is no country in Europe where the circulating medium is on a proper and efficient footing, and, therefore, Europe suffers. Let the circulating medium be made equal to its purposes, and let it be properly protected from all contractive actions, and we shall suffer no more. We shall then receive the full benefits of the division of labour, and not find our strength converted into our weakness. We shall then see that the various articles of human subsistence, or gratification, will be produced in far greater proportions than they will be required, and that they will be distributed among the population as easily and regularly as if each individual had produced the whole of his multitudinous wants within himself. We shall no longer harbour the absurd conclusion that to cut down woods, and to clear lands, and to drain wildernesses, will present a greater reward to industry, than to cultivate fields which solicit labour, and which have been already cleared and fenced,

and drained, and improved by the labour of a thousand years.*

* It must be allowed that the soil and climate of some countries are far more favourable to human life than those of others, and that in some situations the beneficent character of nature may outweigh the advantages and the comforts with which a populous society can clothe the most barren districts. It is thus that the pleasant and fertile regions of the Ohio are now draining the population of the New England States, not that the dense population of those States is injurious, but that the numerous advantages of that population acting upon a barren soil, and through a long and inhospitable winter, are more than overbalanced when compared with the comforts and enjoyments which the solitary riches, and the eternal spring of the Ohio afford. If an emigration of this kind occurs in Europe, the diseased mind attributes it to the tyrannical weight of the Government under which it occurs. The Englishman, the Swiss, and the German, driven from their native homes by natural causes, and by absurd laws and institutions, to seek a refuge in the wildernesses of America and Russia, are represented as the victims of arbitrary Government, forgetting that emigration occurs also in New England, and that the States of New England are the freest country in the world, and that Russia is about the most despotic. If the errors of nations were no greater than the crimes of their Governments how happy would nations be! But when nations are in fault the Government is made the scape-goat of the national errors. It was thus, that when the Americans revolted from England they clamoured against "unlimited monopoly," and "unlimited revenue," when neither the monopoly nor the revenue which England exacted was equal to the weight of a hair upon their heads! It was thus that the British

But it may be said that the lands of England are already cultivated in a great degree, and how

people but a short time ago clamoured against the rents of the landlords, and the profits of the farmer, forgetting that the rich are but the trustees of the poor, and that it was upon the very magnitude of those rents and profits that their own existence depended!

Whilst I am speaking of the errors of nations, I cannot help alluding to the causes which have acted in keeping stationary the prosperity of Canada, whilst that of America has received a full developement. It is an exceedingly curious and interesting investigation, and if properly conducted, it could not fail to lead to beneficial results.

Canada has possessed every natural advantage which the United States have possessed, or very nearly so, and yet the riches and population of Canada are much the same as they were in the days of Wolfe. How different is the situation of the United States. There the population is tripled, and the riches are quadrupled. On the lakes of Canada there are hundreds of leagues of fertile soil, in a pleasant climate, where the peach and the nectarine ripen in the open air, and yet this beautiful country continues a wilderness, whilst the stony deserts of New England have blossomed like a garden. I can give no reason for this great difference between the two countries, but what might be derived from the extent to which banks and paper money have been carried in the United States.

In Canada there is no such thing as a bank, and there is no such thing as paper money. The Canadian hoards his dollars, because he has no means of making interest of them. They are thus

is their additional cultivation to provide an additional demand for labour, and an equivalent pro-

withdrawn from circulation, and the nation loses the benefit of their action. But when the Canadian finds that he has no advantage in his hoards, and that they pay him no interest, he loses himself a great stimulus to their accumulation. His mind stagnates with the stagnation of his profits, and because he has no mode of deriving encrease or advantage from his accumulations he ceases to desire to accumulate at all.

In the United States, banks are opened every where, and every where provide investments for capital, which would otherwise remain dormant, and whilst they reward its accumulation on the one hand, they give it ample circulation and developement on the other. They create paper money too, in a thousand shapes, and give activity and energy to productive power, which would otherwise stagnate from the want of the means of action.

It is thus that the United States have outstripped Canada in population and riches, notwithstanding the new burthens which their national independence has imposed, whilst Canada has had no burthens to bear, but has received the same commercial facilities which the United States have received, at the same time that the expences of its Government have been borne by its parental country.

An abundant circulating medium, and innumerable modes of giving it action, have done more for the United States than all their other advantages put together. But if this abundance of the circulation has been of such infinite consequence in a country where the division of labour has scarcely yet obtained,

duction to meet the increased consumption of the country?

and where each individual, producing almost all his solitary wants within himself, renders the circulation of comparatively little consequence, of what a vast importance must it be considered in England, where a thousand different trades give a thousand developements to human industry, all of which are separate and distinct in themselves, but are alike necessary to each other and to the comfort and happiness of the population.

In the United States of America, the people have flourished more than in any other country in the world, and there the depreciation of money has been carried to its greatest extent. The next country that has flourished most, is England, and there money has also depreciated more rapidly than in any other country, excepting only the United States. The plunder of fifty nations, and the expenditure of the bulk of their revenues in France, has had the same effect there, as the creation of banks and of paper money has had in England and America. By the constant introduction of such immense quantities of circulating medium into France, France has flourished more than any other country on the Continent, notwithstanding the horrors of her long and bloody revolution; and whilst she has been supporting her prosperity by plundering and exhausting all other nations, many people have been attributing it to the downfall of the tyranny of the Bourbons. Without doubt, the excitement of mind which the French Revolution has produced, has served France much, and if properly directed to arts of industry and peace, it will serve her, and Europe also, for centuries to come. The downfall of those antiquated and absurd feudal institutions, under which she laboured, must also have served her; but the great cause of her prosperity, has been the plunder of the circu-

I answer that the rise of prices is the only means by which an encreased demand operates to create an encreased supply. And yet our ignorance of the subject is such, that we even consider the rise of prices as an evil, although it is evidently the cause and the consequence of the encrease of

lating medium from other countries, and it is the cessation of that plunder now which causes her misery, and lassitude, and discontent.

Spain and Portugal have not flourished during the last 200 years, because their ignorant and ruinous laws have interfered with the modes and means with which man was willing to act, and have arrested the prosperity which they derived from liberty and enterprise, and an abundant circulating medium, in the days of Charles the 5th, and Emmanuel.

In the United States of America, the principles of industry have been set free, and every individual has been at full liberty to engage in the various pursuits to which the various dispositions and caprices of individuals attach them. There the wages of labour are from 5s. to 10s. per day, and other things are dear in proportion. The general expences of living there, are, at least, double what they are here; and yet we complain of the depreciation of money here, at the same time that we see and envy the prosperity which that very depreciation has occasioned in America. It is a pity that we cannot reconcile impossibilities, and give the high wages and the plentiful comforts which a state of prosperity distributes; at the same time that we sell articles for less than the cost of their production; and retain the low prices of property which a state of adversity occasions.

national prosperity. It is therefore that we endeavour to shackle nature, and by imposing maximums upon prices, we too generally succeed in arresting the developement of the modes and the means by which nature operates to feed and to clothe her children.

If we consider the nature of prices and of production, we shall readily perceive how any increase in the former is immediately followed by a correspondent encrease of the latter. Prices are the results struck out by the contact of money with property. They are nothing more or less than certain terms or numbers under which society has virtually agreed that all its exchanges shall be carried on. As long as prices keep up certain relations which men understand, and can act upon with confidence, so as to be enabled to exchange readily with each other the mutual productions of each other's industry, then the principles of production are free, and each individual of a thousand trades is enabled to convert the products of his industry into the articles necessary for his subsistence and gratification, with the same ease as if he had produced them himself. He has produced other articles of one kind or other, and other persons are as much in want of his articles as he is of their's; and therefore he can readily exchange them, as long as those relations subsist

under which both his articles and their's were produced. During this state of things society flourishes. If any encrease of its numbers creates an additional demand for any articles, that demand shews itself by creating an additional price of those articles, and is thereby quickly followed by an additional supply of them. A greater quantity of the general products of human labour, are diverted through the consumption of the labourers employed in producing the particular articles required, and that greater diversion of capital and of reward through those particular trades quickly creates a greater production in them. This greater diversion of capital to particular trades, necessarily re-acts in again diverting a greater degree of capital from those trades into the general consumption of all trades. It creates an additional demand for the products of all other trades, and thus a similar rise of prices is created upon general articles, as first took place upon particular articles. The rise of prices is, therefore, the engine with which nature acts in order to create the additional productions which are necessary to feed an additional population. The terms or numbers under which property is produced and exchanged, are raised in their relative amount, so as to allow a greater contribution of those terms or numbers to the labourers necessary to create the increased productions which are

required, And there are no limits to the productive powers, which are thus developed, as the encrease of population requires, by the encrease of the prices under which production is carried on. Or if there are any limits, they have never yet been found in any country in the world, nor is it likely that they ever will be found in the world at large, before millions of ages shall have rolled away.

A certain quantity of land, and a certain degree of cultivation, is covered under the range of a certain ratio of prices, which may have become fixed in any country. That ratio of prices is competent to cover the expences of preserving a certain quantity of land in a certain degree of cultivation. Any encrease or diminution of this ratio of prices encreases or diminishes, correspondently, the expences which the cultivators of land can lay out in the extension or improvement of their operations. For when that ratio of prices encreases, it gives a greater reward to the industry upon which it operates, and consequently greater efforts are made, and greater improvements take place, in producing the articles required. So when that ratio of prices diminishes, it diminishes correspondently the expences which the cultivators can lay out in extending or improving their cultivation. The

increase or diminution of the prices which the cultivators receive, increases or diminishes accordingly their inducements and their powers to increase their productions.

New land is thus brought into cultivation, which otherwise could not be cultivated at all, and new improvements take place in the land already cultivated, until the whole land in the kingdom, every desert and every barren heath and corner, becomes as productive as a fertile garden,

This is the process by which every increase of population operates to create an additional demand for food, and by which every additional demand for food operates to create its additional supply.

So also when agricultural prices fall, the cultivators possess less inducements and less means of preserving the cultivation of their lands, and therefore their lands are gradually neglected, and thrown waste, until the whole kingdom becomes a vast desert. The diminution of the products of the cultivators, diminishes the real riches and the real expenditure of the cultivators, which again acts in reducing the products of the other descrip-

tions of the community, and this principle naturally acts and re-acts upon its own elements ; and if assisted by erroneous legislative views, it probably terminates in the ruin and desolation of the country.

This is the process by which every diminution of the population operates to occasion an equivalent diminution of demand for food, and by which the diminution of the demand for food operates to occasion an equal diminution in its supply. The evil is not relieved, but aggravated by the diminution of the population. Encrease the population, and you turn the current, provided you encrease the circulating medium correspondently at the same time. Then new markets of consumption are provided, and new means of production are afforded, and if the additional number of productive labourers are not required, they naturally divert themselves into the character of unproductive labourers. Then every new labourer that is refused in one channel is readily taken up in a variety of others ; and there is always a greater demand for labour than labour can possibly supply, because labour produces more than its own maintenance, and society is always able and willing to give a small quantity of good things in exchange for a large one, provided the modes and the means by which the exchange is affected are not free.

This is the only healthy state of society. The products of labour gradually rise with the encrease of demand and consumption; the demand for the products of labour is thus directed upon labour itself, and thus the demand for labour becomes greater than the supply, and the wages of labour rise in the same degree. But the same process still goes on, for consumption precedes production, because the new labourers must live and consume before they can produce. They offer their services to either productive or unproductive labour, and if the one refuses them, it can only be because the other is in greater want of them; for if the food and clothing in the country are in great abundance, that very abundance, whilst it checks the demand for productive labour, does but correspondently encrease the demand for unproductive labour, and *vice versa*. The demand for labour is thus always greater than the supply in a healthy state of society. Then the labourer is independent, and he feels his independence. The qualities of his head and heart expand as he feels his independence and his weight in society. He becomes a good citizen and a good subject. But if the demand for labour is suffered to diminish, so as to become less than its supply, it is in vain to expect that morals, or principles, or independence, or any kind of good qualities, can long subsist among labourers. They no longer feel their independence,

or their weight in society, for these no longer exist. They become wretched, and base, and vicious, and idle, the ready agents of crime, and the willing tools of despotism; for the punishments of crime, and the oppressions of despotism are less grievous to them than the sufferings which they endure. Shame, and poverty, and degradation, make them reckless of conduct and of life, for life and conduct are nothing to them when they have lost the demand for their labour, which is the only engine by which their life is supported, and their conduct rewarded.

There are many other causes of the encrease of pauperism, none of which have any thing to do with the principle of population pressing upon food. Among these the principal are undoubtedly the division of labour, the improvements of society, the imposition and removal of taxes, and the abuses of fermented and spirituous liquors. The division of labour, by concentrating the habits and attention of the population upon certain particular points of industry, whilst it gives to their industry a prodigious productive power, totally unfits them for obtaining a livelihood by any other species of labour. Expert and skilful in the habits to which they have been accustomed, they become helpless as children in almost all others. They cannot go through a second childhood and

begin the world again. Therefore they drop into the workhouse, when their labours are no longer required in the habits to which they have been accustomed.

The rapid improvements of society make rapid changes in the situation of the lower classes. Every new invention or improvement, whilst it enriches the country, and calls new individuals into existence and prosperity, drives thousands of others out of employment, and out of bread. It forces them into a painful change of habits and labours, or else into a disgraceful state of pauperism and dependency. I have known 20 villages on one single river nearly depopulated by the improvements on the steam engine. The better part of their inhabitants emigrated, but the weaker and more numerous part sunk into poverty and despair. But 50 other villages were created in other places, by these very improvements, to encrease the riches of their country, and to be themselves in their turn depopulated as soon as ever such other improvements shall take place, as will remove the seat of the trade through which they gain their bread.

The imposition and removal of taxes has acted in a similar way. Thousands of individuals, maintained through the expenditure of taxes in

one set of channels, are forced into the workhouse when that expenditure is discontinued, or diverted into other channels. And by the very nature of things, when once an individual becomes chargeable upon his parish, it has the effect of rendering either him or his posterity burthensome upon the parish for ever. They ever afterwards consider the parish as a kind of hoard or estate, to which they will never fail to have recourse upon the slightest difficulty or emergency.

The abuses of fermented and spirituous liquors are the first, and the last, and the worst of all the evils that have acted on the encrease of pauperism,* excepting only the deficiency of the circulating system.

* In every thing that I have said respecting the depots of industry, and respecting alterations of the poor laws, I wish it to be understood, that I do not mean it to apply to the present generation, but I merely propose these alterations as applicable to future generations, for the purpose of encreasing the comforts and the happiness of the lower classes. If any violent and sudden alterations should be made in the poor laws, so as to deprive the lower classes of a resource which they have been accustomed to look up to, and which has consequently assisted in forming their habits and character; they would have cause of complaint against the capitalists for having deluded them with false expectations. It would be rendering them help-

My dear Sir, I am quite ashamed to have trespassed so long upon your attention. I have endeavoured to substantiate that every encrease of the population carries with it the means of its own support, and that the encrease of paupers and beggars depends, not upon the encrease of the population, but upon the encrease of the means and inducements with which charity supplies them; upon the fluctuations and changes which an improving

less, by inducing them to rely upon others for assistance, and by removing that assistance from them when they came to have occasion for it. Therefore, any alterations in the poor laws should have a prospective view, and not a retrospective one. They should only apply to persons yet unborn, and to marriages yet uncontracted. The present system of parochial laws should be applicable to all living persons, and the new system of depots of industry, and of refusing any assistance out of the workhouse, should only be applicable to children yet unborn. These persons could have no kind of complaint for having been deceived and deluded. They would grow up under the action of the new system, and would find themselves much richer and happier under it than their fathers were under the old one.

The establishment of National Saving Banks would provide for every one the means and inducement of laying up any small accumulations which he might have opportunities of making for the support of his old age: and if he should possess no such accumulations, he might be maintained plentifully in the parish workhouse, without any apprehension of the numbers of such dependents being very great or burthensome to the country.

state of society involves, and above all things, upon the deficiency of the circulating system.

I remain, with much respect and esteem,

My dear Sir,

Your faithful humble Servant,

THOMAS ATTWOOD.

Arthur Young, Esq.

POSTSCRIPT.

I HAVE said a good deal in former publications about the action of taxes. It is exactly the same as that of public and private charity, only the latter diverts capital from private expenditure into the maintenance of paupers and beggars, and the former diverts it into that of soldiers and sailors, and other unproductive labourers, as they are called. All this makes no difference in the real riches of a nation; in the quantity of food and clothing, and other necessities which can be annually produced within, or imported into a country. It only changes the channels through which such riches are consumed, or develop themselves. It is reckoned rather a bold assertion by many persons, to say that taxes do not impoverish the nation. Such persons think that the capital of the taxes had better have been expended in maintaining productive labourers than

in maintaining soldiers and sailors, who produce nothing but security and glory. But I answer to this, that there is not one productive labourer maintained less, on account of the soldiers and sailors, nor was there during the whole of the war; for if the payers of taxes had had the spending of those taxes, instead of the Government, all the difference would have been, that so many more silk makers, and lace makers, and coach makers, and other makers of luxuries and superfluities, would have been employed instead of soldiers and sailors, and armourers, and other Government dependents. If the capital of the taxes had never been drawn from the public, but had been left to find the channels of individual expenditure, instead of those of national expenditure, it would not have increased the demand for productive labour any more than the national expenditure increased it; and consequently no addition of productive labour would have been supplied. Whether the food and clothing, and other necessities comprised in the taxes, were consumed by private dependents or by public dependents, could make no difference in the general mass of those necessities in the country, nor in their annual reproduction. The soldiers and sailors, and armourers, and public dependents, consumed just the same amount of those necessities, as the monied capital of the taxes would have enabled lace makers, and

coach makers, and servants, and private dependents, to have consumed, if the taxes had never been imposed, but not the value of one shilling more or less. Taxes and charity are mere modes or channels of consuming food, and clothing, and other necessities, but they have nothing to do with the production of such food, and clothing, and other necessities. They merely divert them from one set of channels of consumption into another. The individual distributions of food and clothing are not increased or diminished by this diversion. Nothing affects them but what affects the magnitude of their general production. I have shewn in a former part of this letter how productive or unproductive labourers naturally diverge into each other, according as the fluctuations of demand for each other may require. These considerations are very abstruse, which renders it necessary for me to be rather prolix, and to place them in a variety of views, in order to give clear ideas of them.

I remember the time when ten thousand persons were employed in Birmingham and its neighbourhood, in making buckles. The fashion has now changed. No buckles are made; but the national wealth is not injured. The capitalists of the country who consumed the buckles, or who consumed the articles for which they were

exchanged abroad, have saved the expence of that consumption, and they now possess the very same capital which they direct to some other purposes more agreeable to their tastes than buckles. If they save capital to the value of 10s. each per annum, by the use of strings instead of buckles, they have, consequently, 10s. each more to expend in other things, which annual expenditure employs just the same number of persons in making those other things, as were formerly employed in making buckles. The food, and clothing, and other necessities which were formerly consumed by the Birmingham buckle makers, have been diverted into other channels, and are now consumed by other labourers or mechanics in producing such other things as the national taste or convenience requires, probably swords, pistols, guns, and other implements of war. But there is no action upon national riches in this process, there is only a diversion of capital and industry, and without doubt the channels through which the capital and industry are now diverted, are at least as productive of national riches as those were which formerly produced buckles. The buckle-makers are injured, it is true, but some other persons are equally benefited, and the buckle-makers are forced to direct their industry into other channels, through which the very same market, or demand for their labour, exists as formerly, for inasmuch as that market is

diminished on the one hand it is necessarily increased on the other.

The very same is the action of taxes. They painfully force capital and industry out of their usual channels, but they do not affect their magnitude.

I think it must be sufficiently clear, that taxes do not impoverish a country, they only change the channels of its national consumption, until they become so very extensive as to consume so great a proportion of the rents and profits of the capitalists as shall no longer leave them sufficient inducements to industry. Whenever this point is reached, whenever the whole, or nearly the whole of the unproductive labourers become converted into soldiers, and military artificers, and public dependents, so as to consume the whole of the annual surplus productions of food and clothing, and other necessities, and leave none to be consumed by private dependents; then it may be reasonable to believe that the further action of taxes may tend to diminish the national riches, by arresting the production of the food, and clothing, and other necessities, from which all national riches proceed. But it is not possible to judge how taxes would act at this point, because we have never yet seen it reached, and we can have no clear or correct views of things which have never yet happened.

If the whole of the surplus annual productions of food, and clothing, and other necessities, could be diverted into the channels of taxes, it would seem to make no difference in the national riches, provided it did not act in checking or diminishing the magnitude of these annual productions. For it is reasonable to believe, that the millions of individuals who would thus be maintained through the expenditure of the taxes, would be employed in purposes as productive as any that they are now put to, through the medium of private expenditure. It is reasonable to believe that these millions of persons who are now employed in producing luxuries, and comforts, and conveniences, for the annual gratification of the capitalists, would be as productive to all the purposes of national wealth when they were totally employed in producing ships of war, and cannons, and bayonets, and all the weapons, and the multitudinous implements of war. The soldiers and sailors would probably be at least as productive of national wealth as so many gentlemen's servants, and the makers of guns, and swords, and gunpowder, would probably be as productive of national riches, as the makers of carriages, and laces, and silks, and fine furniture, now are. There is the Nelson, for instance, a ship of war that was launched at Woolwich a few years ago; I should think that the *real value* of that ship would weigh down some thousands of gentlemen's

carriages; and I should expect that it is worth more to the purposes of national riches than all the carriages that ever were made in England.*

* That ship, with others of her class, laying up in our rivers and harbours, will not only prevent foreigners from taking all our carriages and such other like superfluities from us, but also a good share of our bread and beef. For in such a world as this is, unless nations are willing and able to fight for what they have got, they will find such men as Bonaparte springing up every day to rob and plunder them. It is not that Bonaparte was much worse than Louis the 14th, or Frederick the Great, or Catherine the 2nd, that Europe had so much bloodier wars with him, but because he was more powerful. He possessed more strength, and he knew it; and as long as he felt his strength and his superiority, he could no more resist plundering and conquering other countries, than a hungry lion could resist devouring a lamb. It was not Bonaparte, but human nature that was in the fault. Human nature must be much changed, not only in this, but a vast deal more in other countries, before the possessors of power can cease to abuse it.

He who expects that we can live unmolested in peace and plenty, under the shadow of a man possessed of such a power as Bonaparte possessed, might just as well expect a river to flow back to its source, or to flow away for him to pass.

" Rusticus expectat dum defluat amnis; at ille

" Labitur et labetur, in omne volubilis ævum."

We may be assured that the moment we suffer a rival to become much more powerful than ourselves, we hold our liber-

But although I deny that taxes impoverish a country, so long as they do not act in checking the rewards and inducements of industry ; yet I allow that they impoverish the capitalists of a country, and am as desirous of getting rid of them as other people. They divert their capital from private into national purposes. A capitalist cannot certainly expend his annual capital in his own personal gratifications and in national gratifications too. His taxes are, therefore, sacrifices of personal to national objects, and in their first action they are necessarily painful, but after a while, when such capitalist has accommodated his way of living to his new situation, he is nearly as comfortable as he was before, particularly if he hears now and then of such victories as Waterloo and Trafalgar. And his taxes press lighter upon him still, when they are drawn, as it were, through unseen channels, from those additional productions of his capital, which the improvements of society would otherwise have placed at his disposal. If it had not been for the action of taxes, sucking up, as it were, by anticipation, those additional productions as fast as they arrived, the encrease of the real value of rents and

ties at his mercy ; and then our liberties are not worth our having ; for they are but slavery in disguise. " He who trusts his freedom to a tyrant, from that moment becomes a slave."

profits of stock, would have been prodigious during the war, provided the country had flourished as it did during the war. Of course, the capitalists feel but little the subtraction of these parts of their annual capital, because they have never appropriated them, or accustomed themselves to their expenditure. The late contractive action upon currency, occasioned by the expected removal of taxes, by the revulsion of the national expenditure, by the bullion report, and the alteration of the system of the Bank of England, and by various moral causes,—the late action upon currency, I say, injured the capitalists more in two years than all the taxes of the preceding twenty years, and they felt it far more heavily and more severely. And as for the national riches, the action upon currency during the last four or five years, has injured them, has really diminished their productions to a greater amount than has been done by all the taxes since the revolution.

I have said something formerly with respect to taxes raising prices, and the removal of taxes falling them, so as to counteract in some measure the injury or benefit of their imposition or removal. That must, of course, be understood with reference to England, or any other highly civilized

country, where the transactions of life are carried on through the division of labour, and the action of the circulating medium ; and where, indeed, the great bulk of all transactions is effected by mere moral creations, or substitutes for a circulating medium, which answer all the purposes of the circulating medium itself, although far more sensitive and more exposed to contractive and expansive actions. In England the great bulk of all transactions take place through the medium of debts and obligations, and one is made a *set-off* against the other, and discharged, almost without the action of a circulating medium ; or they create their own medium by their own action, and give a kind of *substance* to prices, as long as moral causes keep up a certain degree of confidence in the human mind.

The imposition of a tax upon any one article naturally raises the price of that article, by increasing the expence of its production, and the capital stock of that article being thus raised in price, puts a profit into the hands of its holders, and enables them to purchase, or consume, or demand, just an equal amount of all other articles, and thereby raises correspondently the prices of all other articles, which thus interchange among each other upon high relations instead of low relations, as long as the tax endures. The expendi-

ture of the tax in question acts in a similar way. This principle is very obscure, and its action is difficult to explain, but practically it is so well known, that the capitalists in almost every trade, who have considerable stocks on hand, are rather desirous than otherwise to have taxes imposed on their particular articles. The holder of a great stock of glass, or of iron, or wool, or any other article, knows very well that if a tax of 20 per cent. is put upon the manufacture of those articles, it puts in his pocket 20 per cent. additional profit upon such stock, and therefore it is not often that the imposition of such tax is resisted by such kind of persons, but is generally so, by persons who do not hold stocks, but are under the necessity of either purchasing or manufacturing them. Such persons, of course, consider that they shall have so much the more to pay for their goods, and they do not know how far such rise of price may injure their future sales. It turns out frequently, however, that the prices of their goods rise even higher than the amount of the tax, which may be partly explained by the expenditure of the very tax in question, by the expenditure of the additional profits of the holders of stocks of the taxed article, and by various moral causes tending to support confidence in that article, or to elevate the system of prices under which one kind of article becomes exchangeable for another. Whenever the system

of prices becomes thus elevated, as it were, in the air, it is liable to be affected by very trifling causes acting upon its foundations, and it requires its foundations to be strengthened and enlarged by Legislative provisions and precautions. If these have been neglected, the removal of taxes and loans may contribute to bring down the system of prices within the range that is necessary for the production of commodities, in the same manner as the imposition of those very taxes and loans had contributed to elevate it. This is one of the very greatest evils that can happen to a nation. Famine, and anarchy, and death, are in its train. I shall proceed to discuss the means of providing against it in my next letter.

There can be no doubt that the imposition of taxes, the levying of forced monied contributions upon articles, tends to force and stimulate the circulating system, and to put it on a stretch of its powers; and when taxes are removed, there is less doubt still that such removal tends to produce a lassitude and a stagnation in the circulating system, which may afterwards act upon its own elements, and be productive of the most fatal consequences, unless counteracted by Legislative measures or provisions. The sudden revulsion of monied capital too, which is thus thrown out of the channels through which it has been accustomed to act, ren-

ders that capital stationary or inactive for a certain time, before it finds new channels of action upon property and labour; and thus the circulating system receives a shock which produces a contractive action, and the tendency of that action, through the moral agency of the panic and want of confidence which it occasions, is to drive out of existence all the moral creations, and substitutes of a circulating medium, until the prices of all commodities are forced within the compass and management of the bullion or bank note circulation.

In speaking of the circulating system, as it refers to this country, I always mean to include every thing that passes for money, or effects the purposes of money in any shape or way. Credits, debits, transfers, book-debts, bills of exchange, and country bank notes, may be considered as the more spiritual or immaterial parts of that system. Bank of England notes and bullion coins, may be considered as the more material parts or basis, upon which the former erect and support themselves. They form, in fact, what is usually called the circulating medium, although they probably do not effect the twentieth part of the business of the circulating system.

The issue of Bank of England notes is governed in its magnitude, by the rules and system which

the bank directors lay down, and by the general state of prices, and demand for discount, which the country presents. If a certain state of prices has obtained, and has been accustomed to act in creating a certain quantity and amount of bills of exchange, which fall within the rules of the bank directors; then a sufficient number of these bills of exchange is always sure to be discounted at the bank, for the purpose of supporting the circulating system; because the least diminution of the action of that system occasions an immediate scarcity of money, and an additional demand for discount; which forces an additional amount of the bills of exchange into the bank, in order to obtain it; and thus the circulation of bank notes is immediately increased, as far as the national interests require; provided no circumstances occur, in the mean while, to arrest the creation, or the magnitude of the bills of exchange which fall within the bank rules, or to divert them through channels that have not the means of discounting them at the bank.

But if any moral circumstances should arise to create panic or want of confidence in things, so as to reduce the prices of things, then, when property begins to interchange with property upon lower relations, the bills of exchange are necessarily created in smaller quantities, and probably of

a worse, or longer dated, description, so as not to fall so much within the bank rules of discount as formerly, and in this case, the circulation of bank notes becomes necessarily diminished at the time when it ought to be increased. The same quantity and amount of bills of exchange, which are approved and fall within the bank rules, does not exist in the country as formerly, and, consequently, it is reasonable to believe that so great a magnitude of them cannot be forced into the bank for discount as formerly, and thus the circulation of bank notes becomes diminished by the depression of prices, and this diminution of bank notes of course re-acts itself in again depressing prices. An enlargement of the bank rules of discount, or an additional issue of bank notes by some other means, or some new creation of legal instruments with equal powers, is then necessary for the purpose of arresting the contractive action upon the circulating system, or, as I have said before, its tendency is to act and re-act within itself, until the whole business of the country is left to be effected by the circulation of bank notes and bullion coins, or almost of the latter itself. These latter also have a much greater activity and capacity of supporting a circulating system, during a period of confidence than of panic. This circulating system in England is very different from what

is called the paper system in other countries, where paper money is issued by the Government in payment of its engagements, or in purchase of goods at whatever discount their subjects think proper to take it, and not on the footing of the Bank of England, or private bankers, who, for their own interest, must take care never to issue their notes without a *bona fide* valuable consideration in exchange, and who in fact do receive, when they advance their notes, the assignment and command over just an equal amount of valuable articles, as their notes represent at the current market prices of the day.

This explanation of the manner in which high prices tend to create the bank notes, or basis which is necessary to support them, will give a view of the manner in which taxes operate in creating high prices, and in stimulating and supporting the circulating system. They force high prices, and the high prices force out the bank notes necessary for their support, by causing the creation of a greater amount of bills of exchange which fall within the bank rules, and by causing a greater proportion of them to be presented at the bank for discount.

It is not by any means so certain in a country where there was no paper money at all, as in Eng-

land, 500 years ago, that the imposition of taxes would raise prices there, and thereby give a stimulus to productive powers; because there would not be the means of encreasing the circulation as there are here now, all money being then to be brought from abroad in exchange for equivalent commodities, instead of being readily created at home in a similar exchange. The principal way in which taxes could stimulate a country like England 500 years ago, would have been by depriving people of their usual comforts, to force them to greater labour and exertion in obtaining others; and if I recollect right, Mr. Hume remarks, that the United Provinces were the poorest country in Europe, until the oppressive taxation of the Spaniards forced them to habits of industry, which more than doubly repaid them the amount of their taxation.

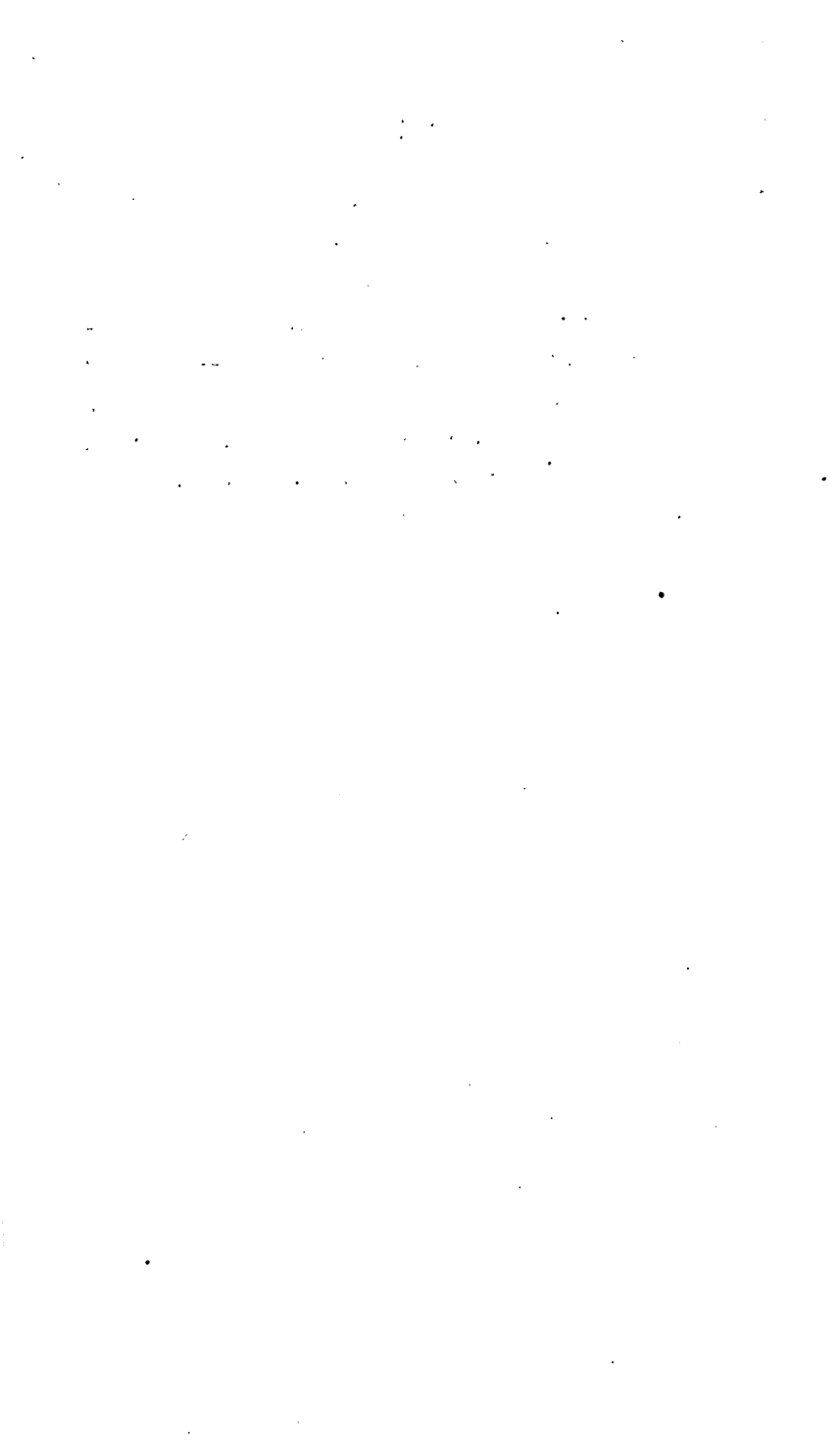
It must not be forgotten, however, that even in such countries the imposition of taxes may have a considerable effect in raising prices, by forcing a great part of the dormant monied capital of the nation into circulation. Thousands of persons who pay taxes are in the habit of keeping ten or fifty pounds, or more or less of the circulating medium, in their pockets or drawers, over and above what they may have any immediate occasion for, and all this kind of capital is perfectly dead to all

the purposes of circulation for which it was created. But the tax-gatherer comes with a coercive power, and forces this dormant capital into action against the property and industry of the nation, and thereby produces the very same effect in raising prices, as would be produced by the absolute creation of so much money, or its importation from the Spanish mines. This rise of prices encreases the reward of industry, and consequently stimulates the productive powers of the country, and makes some reparation to the inhabitants for the pressure of their taxes.

The contractive action upon the circulating system which is occasioned by the removal of taxes, by the revulsion of the capital of the taxes, and by moral causes operating to induce the public to contract their dealings and prepare for change, will sufficiently account for the general lassitude and stagnation of business, and for the general depression of prices and deficiency of employment, which we find so heavily complained of at the terminations of all wars, during the last and the present century, say 1738, 1751, 1768, 1783, 1801, and 1814—16. I remember that the depression and distress in 1801 and 1802, at the Peace of Amiens, were rapidly assuming the same frightful magnitude as our dis-

tresses have latterly assumed ; but they were arrested by the renewal of the war.

All these causes of contractive action, however, were aggravated in the years 1814—1816, by the natural revulsion of the paper system, and by a previous alteration which had taken place in the issue of bank notes occasioned by the bullion report.



LETTER II.

Birmingham, November 26, 1817.

MY DEAR SIR,

SINCE I wrote to you on the 29th ult. I have been led into a series of reflections on the present anxious situation of public affairs, and I cannot feel altogether justified in my own mind, without once more intruding on the public attention. I therefore purpose to publish this letter, together with my last, to you, if it meets your approbation.

The various and conflicting principles which his Majesty's Government have to conciliate with the national interests, and the new and untried measures which they will probably be under the necessity of adopting, in the ensuing Session of Parliament, induce me to think, that the practical observations of a man of business will not be alto-

gether useless in determining the judgment of what is best to be done for restoring and preserving the national welfare.

It is not often that a man of business commences author. It is, perhaps, to be regretted, that men living in the midst of men, and living by, and with, all their wants, and modes, and means, should so seldom be induced to present to the public the knowledge of those facts and observations with which experience has brought them in contact. Wants, and modes, and means, are the great elements of political economy, and yet men living far removed from those elements, and looking down upon them through the mists and prejudices with which distance involves them, have been the principal persons who have published their observations upon them. Without doubt, the large and luminous minds of many individuals of this kind, entitle them to the greatest confidence and respect; and it is not from any want of deference towards them, or from any vain desire of personal reputation, that I am induced to step out of the routine of my habits, and to commit to the public a variety of desultory arguments, which I have noted down from time to time, as the intervals of business would allow. I have used no great skill in their arrangement, as you will readily perceive. That is a task better suited to literary

men. It is sufficient for me if their matter will bear the test of thought. Some of them, I trust, will not be found unworthy of attention. They have not been committed to paper without a good deal of reflexion ; and if they should not be appreciated now, I will presume to think that sooner or later they will make their way through abler hands, and ultimately contribute to promote the welfare of our country.

It appears to me that the issues of bank notes which have latterly taken place, and which have had such prodigious effects in restoring the national prosperity, at the same time that they act by creating a general rise of prices, will also probably act in raising the prices of bullion in a similar degree, and in that case the gold coinage will necessarily disappear* as fast as it is issued,

* Many persons express surprise at the present disappearance of guineas and sovereigns, and think that they must necessarily be sent abroad, even at a time when the state of the exchanges prevents the possibility of their being exchanged abroad for any articles in a profitable way. If those persons lived in Birmingham, they would be at no loss upon this subject, for they would find both guineas and sovereigns at this moment melted down by respectable manufacturers, as regularly, and almost as publicly, as so much iron or copper. These gentlemen have but little idea of the crime of high treason, in

unless some new arrangements are made respecting it. It is possible, indeed, that the state of the

the light that lawyers consider fit. The fact is, that the manufacturers of Birmingham have now the opportunity of getting possession of those coins at their legal current value of 21s. and 20s. and as soon as they have got them, they can put an extra shilling or 1s. 6d. in their pockets, by melting them down, in preference to melting an equal weight of bullion. The standard price of gold is £3 17s. 10½d. per ounce. The manufacturers are now absolutely making £4 2s. 4d. per ounce, in melting down this very coin which the Legislature attempts to controul at £3 17s. 10½d.

It is possible that this rise of the price of gold may be caused by a mere deficiency in its supply, occasioned by the late losses upon its import, and in that case it will quickly correct itself, or it may be occasioned by the late rise which the issue of bank notes has occasioned, in most articles of foreign produce, and which has given inducements to import those articles instead of importing gold, and in this case it is likely to be permanent; but in either case it is necessary that its effects should be counteracted by Legislative measures, or the gold coinage must necessarily disappear.

Whilst such a profit as this exists in the melting down of coins, it is absurd to suppose that any possible laws can have the smallest effect in preventing their being melted down quite as fast as they can be coined. No human regulations, or punishments, can possibly prevent this, and it is much better not to attempt it. If it is prevented in any one way, a thousand others are certain to be invented by which the utmost efforts of legal vigilance and power will be evaded.

foreign exchanges may counteract, with regard to bullion, a rise of prices, which will naturally be

It is a most unhealthy state of things for us to find our coins thus rapidly disappearing, at the very time when we are thinking of causing our bank notes to disappear equally rapidly, by suffering the Bank Restriction Act to expire.

If the manufacturers make use of bullion in bars or ingots, they make no profit by so doing beyond the usual profits of their business, because they are obliged to pay the full market price for it; but if they make use of guineas, or sovereigns, they can obtain them at their current value, or at about 4s. 6d. per ounce less than the market price of their weight in bullion, and consequently they make so much additional profit in melting them down, or in selling them to their workmen to be melted down.

In fact, their workmen will receive them in payment of their wages at £1 2s. 4d. per ounce, and take upon themselves the risk and trouble of melting them. Thus, the manufacturers instead of having an interest in creating coins, in creating a circulating medium for the necessary purposes of the country, have a loss of $7\frac{1}{2}$ per cent. in so doing, whilst they have a real profit of about 5 or $7\frac{1}{2}$ per cent. in melting down the coins, that is to say, in converting the circulating medium into dead capital, and thus exhausting, as it were, the life blood of the country.

It is absurd to suppose that gold and silver plate will be made out of any thing else but coins, as long as such a profit as this exists in *uncoining* them. And it is remarkable that the disposition of the public mind should coincide so exactly with that of the manufacturers in this respect, that they have, as yet, scarcely thought of charging any premium upon their guineas. The pub-

general upon all articles, excepting where counteracted by particular circumstances. If foreign nations should present a greater demand for our exports, than we present for their imports, the annual remittances of bullion, which will be the consequence of such an excess of exports, may tend to

lic mind really prefers bank notes to guineas or sovereigns ; and most persons receiving the latter with dislike and distrust, are ready to dispose of them *at par* to the first agent of the manufacturers who will kindly give them bank notes in exchange. The bank notes have at last made good their ground against their predecessors in public estimation. They have rooted themselves in the public confidence and affections. They have proved themselves to be a better medium than gold ; and if we now suffer them to be discredited for the sake of a vain and useless partiality for gold, we shall richly deserve the fatal consequences which will ensue.

If after all, the difficulties or prejudices of Government should prevent the proper alteration of the current value of coins, according as the prices of bullion may require, the best thing we can then do, will be to place the coinage in the hands of the Bank of England, and we may be sure that we shall not suffer from the want of it then. The bank have supplied us for many years with an excellent silver coinage, and they may readily do the same with gold coinage, without injury to themselves or the country. Let the duty be entrusted to them, and they will not be scrupulous in altering the current value of their coins, as circumstances may require, and we have seen in the instance of the silver currency, that their coins will answer all the purposes of life just as well as those of the King.

keep down the English prices of bullion, whilst all other English prices rise. But I think that you will agree with me in opinion, that such an excess of exports is not very likely to take place, and if it should take place, the remittance of bullion will probably be prevented by English subjects making foreign investments of their property.

It may therefore be concluded, that the prices of bullion will necessarily rise as the prices of all articles generally rise; and it becomes a question of weighty importance, in what manner His Majesty's Government will meet this contingency, without diminishing the circulation, and thereby arresting the progress of national prosperity, and throwing back the whole country into a state of misery, anarchy, and ruin.

There can be no doubt that many modes of effecting this object have presented themselves to the reflections of Government, but all these modes are of infinite importance to the nation, and they require the most serious deliberation before they are adopted. The bank restriction act expires next July, and leaves us no great time for such weighty deliberations.

Here is the ground on which we stand. We must either suffer our bullion circulation to be

withdrawn, and we must do without it ; or, we must force bullion to accommodate its capacities to our wants and purposes ; or we must diminish the circulation of paper, and cut down the population to a level with the bullion.

I will take the liberty to investigate some of the modes by which we shall be compelled to meet this great contingency.

First—The bank restriction act may be continued in existence, leaving the present gold and silver coinage to disappear, and other kinds of tickets, and cards, and bank tokens, may be substituted, as the convenience of individuals should direct.

If Government should think proper to act upon this mode of proceeding, we may be quite sure that there will be abundance of employment and of prosperity for the whole country, *provided* the bank is enabled to hold and buy up a sufficient quantity of exchequer bills, or other parts of the national debt. But in this case it will probably become necessary to place the Bank Directors under the controul of a Legislative Commission, or otherwise to compel them to regulate the issue of their notes by the *par of labour*, in order to prevent the possibility of their being induced to with-

draw their notes capriciously at one time, and to issue them at another time in greater quantities than the full employment of the labourers may require. In the first of these contingencies the nation would be exhausted and destroyed; in the other, annuitants would be injured; and the depreciation of money would be pushed on more rapidly than is necessary for the national welfare. And after the bank should have been placed under the controul of a Legislative Commission, like the East India Company, it would still retain a power and an influence greater than any body of subjects ought to be entrusted with, without a due responsibility. The national welfare would, however, be preserved. The taxes would greatly encrease in their present annual produce, and they would be paid without difficulty or discontent, and they might be readily encreased if necessary. The clamours of the jacobins too, would be heard no more, or if they were, the public would have but little leisure, and less disposition to listen to them. The men of business would have enough of profitable business to attend to, and the labourers and mechanics would have a demand for their labour, and high wages, and abundance of food and clothing, and other necessaries of life. The whole population of the country would be happy. The jacobins might as well clamour to the winds as to a well-fed and fully-employed population. They

will then hear nothing but reason, and hardly that. But when the population are distressed they will listen to nothing but passion. The Government might as well reason with sticks and with stones. The population will listen to no reason until they are happy, and they always consider it is the fault of Government if they are not so.

If this mode of proceeding is adopted, the present gold and silver coins will probably disappear, and it will probably be better to put the coinage into the hands of the Bank Directors, and to leave to them the duty of supplying the country with such kinds of tokens as they may find convenient, without, however, forbidding the creation of any other tickets, cards, or tokens, which some individuals may choose to make, and others to receive. Individual interest is the best guide to national interest, for there is no other national interest but what is composed of the interests of individuals, and individuals are always sure to know what is good and convenient for themselves far better than Government can know. Government ought not, therefore, to interfere in preventing the creation and circulation of any kinds of tickets or tokens which individuals may choose to create and receive. If one set of individuals are unwilling to receive cards or tickets, let them refuse them, but let not the rights and interests of other sets of individuals be

violated, in order to gratify the fastidious delicacy of the former. Let not tens of thousands of manufacturers, and millions of labourers, be prevented from creating and receiving whatever kinds of circulating medium they may think proper to adopt. We may be assured that they will know their own interest far better than we shall know it ; and that they will not create or receive any kinds of cards or tokens unless it is their interest to do so, and their interest is the interest of their country. By this mode of proceeding we shall be trying no new experiments, but shall be proceeding through the safe and beaten tracks of experience, which cannot deceive us.

Second—The Bank Restriction Act may be suffered to expire, but in that case, Government should be prepared, through the medium of purchases in the national debt, to issue circulating exchequer bills, or other national instruments of various sizes, which should be clothed with all the powers of coin of the realm, and would replace the bank notes in circulation as fast as the bank might be obliged to withdraw them.

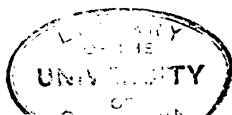
This second mode of proceeding is perfectly safe, if acted upon with vigour and decision. But it is doubtful how far the prejudices of Parliament, or of the country, may interfere with a sudden is-

sue of national instruments of a new description, and equal in legal powers and in amount, to cover any reduction of the bank note circulation which may be occasioned by the termination of the Restriction Act. If any hesitation or deficiency should be felt in this respect, the country would be convulsed to its centre. If the new instruments, however, should be armed with sufficient legal powers and privileges, and if they should be created and issued in a timely abundance, the bank, *through their means*, would be enabled to meet the demand upon it, by calling in its circulation, by selling its exchequer bills, and discontinuing its discounts, so that in a few weeks the notes of the bank would, in a great degree, be withdrawn from circulation, and the national instruments would be substantiated in their place. There would be a considerable evil in this mode of proceeding, from the sudden change of the channels through which what is called money would pass into circulation, which would create great inconvenience to the nation, and great distress throughout the old channels, which would be thus discontinued. The present gold and silver coinage would also probably disappear, and would be to be replaced by others of greater alloy, or of greater current value, or by bank tokens, and other kinds of tickets and tokens, which the convenience of individuals should induce them to create

and receive. The national prosperity would, however, be restored, and placed upon a firm and stable basis; and by fixing upon the *par of labour* as a guide, and regulating the circulation upon it, we should be enabled to controul the state of prices so far as to prevent the possibility of labour ever being in want of employment.

The dangerous powers of the bank would be counteracted, and no evil could arise from the diminution of its circulation, because that diminution would be immediately supplied by the national circulation. There would be some difficulty, however, in regulating the proper periods of these national issues, because the fall in the price of labour is not *immediately* consequent on the diminution of the circulation.

Third—The Bank Restriction Act may be suffered to expire without any reduction of the circulation, provided Government are prepared to issue orders in council, from time to time, varying the current value of gold and silver coins according as the prices of gold and silver bullion may vary; always taking care to order that the guinea and the sovereign shall pass current for 25s. 28s. or 30s. or any other sums, so as to keep their value, *as coin*, greater than their value *as bullion*. Also ordering the silver coins to be encreased in current



value, from time to time, in the same way. It is probable that an alteration of the sovereign from 20s. to 25s. and of the shilling from 12d. to 1s. 3d. being a rise of 25 per cent. upon the present current value of coins, and making 20s. of either silver or gold pass current for 25s. would be sufficient to preserve the present coinage in circulation as far as the public have any occasion for it. It would be allowing for a rise in the prices of bullion of 25 per cent. whilst the bulk of all other articles may be expected to rise in a still higher ratio.

No alteration would probably be necessary in the current value of the copper coins, for even the best of them now pass current for more than double their value as copper.

This third mode of proceeding is perfectly safe, but it requires to be acted upon on a sufficiently broad principle at once; for if Government should be too anxious to keep down the current value of coins, and should suffer the prices of bullion to encroach upon it, a great part of the coinage might suddenly be melted down, and a demand for cash payments might be occasioned upon the bank, which would induce it to sell its exchequer bills, or contract its discounts, or in some other way to call in, or diminish its circulation to the manifest injury of the country. The dangerous powers of the bank

would be in no way counteracted, and too serious consequences would be left dependent upon the bank notes, which, under any state of the currency, will necessarily form a principal basis for the general circulation of the country. If the bank should at any time be intimidated, or actuated by caprice, or error, and should withdraw any great part of its circulation, the greatest evils would inevitably result, and no preparations would be made to counteract them. The alterations in the current value of the coins would not counteract the effects of such reductions of the bank note circulation, but rather embitter them if acted upon; because the reducing of the bank notes would act in reducing the prices of bullion in common with those of property generally, and thereby, if the current value of coins should be lowered accordingly, the effective power of the bullion circulation would be diminished at the very time when it ought to be increased. The fluctuations, too, in the prices of bullion might probably be so frequent and sudden as to require frequent and sudden alterations in the current value of coins,* which might be thought disagreeable and inconvenient. These frequent and sudden alterations of the current value of coins would be necessary, because otherwise a small rise

* Meaning the prices at which they pass current by law.

in the prices of bullion above their last *par* would occasion an immediate demand upon the bank. If the Bank Restriction Act was continued, the alterations need not be so frequent, because upon each rise of the prices of bullion, it would take some time before the coins could disappear by being melted down; and whilst that time was elapsing, the rise of bullion would frequently be obviated by the foreign remittances of bullion, which the rise itself would contribute to occasion.

In a system of this kind, some evil might be apprehended from counterfeit coins, or from the general creation of bullion tokens of equal value with the regular coins, whenever the current value of coins should exceed the current prices of bullion in any considerable degree. But the evil of counterfeits is of very trifling magnitude, and may be remedied by receiving bank notes instead of coins, and marking the notes; and as for the evil of the public creating bullion tokens of full value, or security, it is no evil, but a good; inasmuch, as it encreases circulation and promotes the depreciation of money.

There would be no injustice in thus altering the current value of coins, as the prices of bullion might require; because each coin would represent the same quantity of bullion under the high price,

just as well as under the low price. The present injustice of compelling the holder of a coin to dispose of it frequently at a less price than it is worth, would also be obviated.*

* In the payment of a debt, if an individual received a smaller weight in bullion than his money formerly commanded, yet that smaller weight of bullion would command for him the same quantity of money as the larger quantity had commanded; and if he finds that his money is depreciated in value when compared with property or with bullion, it is his business to guard against such depreciation by stipulating for a larger interest, or for payment in so many ounces of bullion, or of other property. It is not the business of the nation to hesitate in adopting great national measures, in order to protect individuals from the consequences of their own errors. Suppose a debt is contracted in money, without any specific agreement that it shall be repaid in ounces of bullion; and suppose the prices of bullion should fall one half in the mean while, the creditor would think himself exceedingly ill used if the debtor should turn short upon him, and say, "When this debt was contracted, silver was at 5s. an ounce, now it is reduced to 2s. 6d. per ounce, I will therefore pay you but £500 instead of £1000 because my £500 will buy you as much silver as your £1000 bought me." The creditor would certainly think that the fall in the price of silver was nothing to him, and he would not be much disposed, in consequence, to receive one half only of the money which he contracted for. The same reasoning will hold good with respect to the debtor. He borrows a sum of money, and makes no specific agreement to repay it in ounces of bullion, and in the mean while bullion perhaps rises in price. He must certainly think himself very ill-used, if the creditor then says to him, "When I lent you this money silver was at 5s. an ounce, now it is raised to

Fourth—The Bank Restriction Act may be suffered to expire, without much injury to the circulation, by previously calling in the present gold and silver coins, and issuing others of, say, one-fourth less weight, or of one-fourth alloy, so as to keep their value as coins considerably greater than their value as bullion; after making due allowance for a great rise which may be expected to take place in the prices of bullion. The bullion coinage would, thereby, be put upon the same

10s. per ounce, I therefore expect that you shall pay me £2000 instead of £1000, because this £2000 will buy me no more silver than my £1000 would have bought you." The debtor might then remark, "Yes, but when you lent me this money, copper was at one penny per ounce, or £200 per ton, and now it is fallen to one halfpenny per ounce, or £100 per ton, and therefore I will pay you only £500 instead of the £1000 which I owe, or of the £2000 which you demand, because this £500 will buy you as much copper as your £1000 would have bought me." There is no end to the absurdities in which reasoning of this kind involves us. A year ago a debt paid in ounces of silver would have been paid with a discount of $12\frac{1}{2}$ per cent. in England, for the dollar was only worth 4s. instead of 4s. 6d. And at this moment a debt paid in ounces of silver in Mexico would be paid at a discount of 75 per cent. for the price of silver has latterly fallen 75 per cent. in that country when compared with gold!

To raise the current value of coins according as the current prices of bullion may require, is a very different thing from forcing up the prices of bullion, by raising the current value of coins for any particular object.

footing as that on which the copper coinage now stands, though it would not be depreciated in so great a degree. The present current value of copper coins is more than *double* their price as copper; a ton of copper worth only £110, and latterly only £80, being coined into the new pence and half-pence, worth *by law* £224.

In the same manner an ounce of gold, worth now as bullion only £4. 2s. might be coined into sovereigns and half sovereigns, worth *by law* £5, or £6, or £10, according as circumstances might require, without injury or injustice to any one; provided this principle was not acted upon further than is necessary, that is to say, so far as to occasion a greater depreciation of money than existed in the year 1810.

With regard to this fourth mode of proceeding, it appears rather more objectionable than any other, and if it is carried into effect, I think it had better be done under the protection of a two-year extension of the restriction act. It would involve the necessity of either still fixing some kind of maximum upon gold, (or other valuable article) perhaps £5 per ounce, instead of £3. 17s. 10½d., or else of perpetually calling in, re-coining, and re-issuing the gold and silver coins, with every change of prices which bullion

might experience. In the former case, we should be continuing the grand error of the present system, which in a few years would probably render the circulation again unequal to its purposes, and in the latter, we should be perpetually involved in the trouble and expence of changing the coinage. In this latter case, however, no great evil would be experienced, but the productive powers of the country would be kept free, and the population would be preserved in a state of plenty and affluence. The disposition to hoard coins would also be counteracted, which would be productive of great advantages. Coins are created for a circulating medium, and not to serve as an investment of property. The population should have an interest in hoarding property, and not in hoarding coins. The former enriches the country by encreasing the stocks of property. The latter impoverishes the country (unless counteracted by legislative measures) by withdrawing the circulating medium from circulation, and thereby arresting the production of property, and the comfortable maintenance of the population.*

* The action of money is far too little considered for the magnitude of its importance. In former days, tyrannical Sovereigns were enabled to annihilate great cities, and to create others, almost in an instant, by merely diverting the current of money. Thus Alexandria rose upon the ruins of Tyre, because

The same objection would also hold good against this fourth mode of proceeding, as applies

Alexander carried there the precious metals of which he had robbed the Tyrians, and population naturally followed the course of the money. So also in later days, Syracuse yielded to Palermo, and is become a ruin, because the Sicilian Sovereigns have carried to Palermo the expenditure of the national revenues. The same fate attended Rome when Constantinople rose. The revenues of a hundred nations, which for centuries had been expended in Rome, and had created there an immense population, were diverted by Constantine into a new and distant region, where a new city arose to rival and debilitate the mistress of the world. Without doubt, this vast diversion of capital from Rome, by pauperising the Roman populace, and destroying the means and the rewards, and the incentives of industry, contributed greatly to produce that relaxation of mind, and of system, which shortly afterwards terminated in the downfall of Rome. Fifty cities of equal magnitude might have been built in Italy, with less injury to the Roman empire, than the single building of Constantinople occasioned.

London is now a mighty city. But let the British Government remove to York, or any other place, and let it divert the expenditure of rents and revenues, and in less than 50 years London will be a desert, and York will have grown into the magnitude of London. Population follows money as naturally as supply follows demand,

The diminution of population in such places as Rome and Egypt is frequently ascribed to the loss of liberty. It may more justly be ascribed to the fall in prices, the inevitable consequence of a diminution of the circulating medium. When the money

to the first, and the third above noticed. The dangerous powers of the Bank of England would be continued without due legislative controul, and without due preparations to counteract the consequences of panic, caprice, error, or neglect. The bank notes forming, as they necessarily would do, a principal basis whereon the currency of the country would rest and support itself, any fluctuations in the system or regulations of the bank would be felt in the remotest corners of the country. It appears to me, therefore, that it is necessary that some other kind of circulating medium should be created to act jointly with bank notes and with bullion coins, and to counter-

collected in the shape of tribute or taxes from all parts of the Roman world, was expended in Rome and Italy, it caused an immense depreciation of money, and gave an immense stimulus to the industry of those places. But when the demand for labour, and for the productions of labour, was diverted to Constantinople, and other places, by the change of the seat of Government, and by the conquest and dismemberment of the tributary Provinces,—when the circulating medium ceased to flow into Rome as before,—then the prosperity of Rome began to fail. Her population were thrown out of employment, and became paupers and beggars. The difficulty of procuring the means of existence increased from day to day, until the population perished or emigrated into distant countries, where life might be supported without a circulating medium, or where the diversion of that circulating medium had diverted the demand for labour, which no longer existed in Rome.

act the defects of both, and to supply the place of both, or either, whenever the fluctuations of circumstances might require. This brings me to the consideration of the fifth mode of proceeding.

Fifth—The Bank Restriction Act may be continued in existence for two or three years longer; and in the mean while, Government may alter, by orders in council, the current value of coins, from time to time, according as the prices of bullion may require, as proposed above in the third mode of proceeding: and Government may also be gradually accustoming the public to a new kind of circulating medium, by issuing proper quantities of circulating exchequer bills, or other national instruments of various sizes, but bearing no interest, through the medium of purchases in the national debt, and under the sanction of an act of Parliament.

If the principle of altering the current value of coins, from time to time, without recoinage them, should be objected to, which it possibly may, although I can see nothing but good arising from it, it will then be necessary to call in the present gold and silver coins, and to issue others, whose current value shall exceed the prices of bullion, in the same manner as the current value of the copper coins now exceeds the price of copper.

If we do not choose to adopt either of these ways of acting upon the coinage, we may suffer the bullion coinage to disappear from the circulation by being melted down. This will not be an object of much importance, as experience has proved that we can do very well without a bullion coinage; or if we still think it necessary, we can readily obtain it, by entrusting the duty of supplying us to the Bank of England, which has proved its competency to do so, by the experience which we have already had.

The grand object is to obtain a new kind of circulating medium to counteract the defects and dangers of both bank notes and bullion, and this we should effectually obtain, by issuing national instruments, clothed with all the powers of coin of the realm, through the medium of purchases in the national debt, as the prices of labour, or the state of the different money markets of the country might require. This would, in fact, be nothing more than the conversion of a certain portion of the dead and fixed debt of the nation, into an active and circulating debt, which is the more reasonable, because the national debt is a vast accumulation of capital, which hitherto may be said to have had no correspondent circulating medium to represent it.

It appears to me that this fifth mode of proceeding (that of continuing the Bank Restriction Act for two or three years longer, and in the mean while altering from time to time the current value of coins, and issuing national instruments through the medium of the national debt) combines in a great degree, all the advantages of the other four, at the same time that it is free from the objections which may be raised against them.

In the first place, it preserves to a certainty the integrity and credit of the bank notes, until a better medium shall have had time to prove itself, and to substantiate itself in the public confidence and affections, at which period the bank notes may be safely disenfranchised, or weakened in their powers and privileges, if thought necessary. This is certainly an object of great importance. The bank notes have now fixed themselves in the public confidence and affections, and they answer, in every respect, all the purposes that can be expected from a circulating medium. If they are once deprived of their present powers and privileges, or discredited in any other way, it is by no means certain that their present character can ever be restored. And if a better medium should be immediately substituted in their place, yet it is possible that the public might not, for a time, have the same confidence in, and affection towards

such better medium, as they now have towards bank notes. The greatest care should therefore be taken to prevent the possibility of the bank notes being discredited prematurely, before an equal or better medium can be properly substantiated in the public opinion. Nothing but absolute experience can render this positively secure. We know by experience that the public are satisfied with bank notes, and have flourished upon them, under their present character, and therefore we ought not to suffer ourselves to be deprived of this kind of circulation, upon any probable or theoretical grounds, however reasonable and demonstrative those grounds may be. It is still possible that some strange and unexpected difficulties may arise, which may cause us to regret the having altered the powers and character of the bank notes, when it is too late to remedy the evil; and therefore it is prudent not to suffer the Bank Restriction Act to expire, nor the bank notes to be in any way injured or depreciated in the public esteem, before we have had the sanction of experience in favour of some other medium, that we can command in equal quantities, and that will be at least equally beneficial and eligible. By continuing the Bank Restriction Act for two or three years longer, the Government will have time to substitute any better description of paper currency in the confidence and estimation of the

public ; and also to accustom the public to frequent alterations, by orders in council, of the current value of gold and silver coins ; without the possibility of any kind of injury arising from any unforeseen difficulties which may possibly arise in the execution of either of these great objects.

There is no doubt that this frequent alteration of the current value of coins, by orders in council, would be approved by the nation, and its justice and utility would soon be evident to all ; but still it would be proper not to give up, or depreciate the bank notes, until the public had been accustomed to the new system. It would, indeed, be nothing more in effect than the late alterations which took place in the current value of bank dollars, according as the alterations in the prices of silver bullion induced the Bank Directors to issue notices that they would receive the dollars at a higher or lower price, though the magnitude and extent of its action might shock prejudices, and excite alarms, which might, for a time, interrupt the full benefits of the system. It is therefore proper that the system of altering the current value of coins, according to the alterations which may take place in the prices of bullion, should be carried into effect under the protection of a Bank Restriction Act.

It might be thought that there would be something strange or difficult in thus removing the maximum upon bullion, and suffering it to find its level like all other commodities; but the fact is, that it has no difficulty whatever, except its novelty. All the great improvements of society have met with this obstacle, and have ultimately triumphed over it. When the price of gold rose so as to make the guinea worth 23s. and the sovereign worth 22s. an order of council would issue, ordering the guinea to pass current for, say 24s. and the sovereign for 23s. which would prevent the possibility of their being melted down, and would also prevent any demand upon the bank. So also when the price of silver rose so as to make the shilling worth 1s. 1d., and the half crown worth 2s. 8d. an order of council would issue, ordering the shilling to pass current for 1s. 3d. and the half crown for 3s. which would prevent the possibility of their being melted down. In the event of any fall taking place in the prices of gold or silver bullion, an order of council might issue (if thought useful) ordering the different denominations of coins to be lowered in their current value in a similar degree, always taking care that their *value as coins* should be *greater* than their *value as bullion*. But these kind of orders to lower the current value of coins would not be necessary, because the inducements to coin bullion would encrease with every fall of the prices

of bullion, and thus the quantity of bullion in the market being diminished on the one hand, at the same time that the circulating medium was increased on the other, the prices of bullion would thereby be quickly restored to their former level.

By a system of this kind, the circulation might always be kept equal to its purposes, and the country might always be preserved in a high degree of prosperity. The prices of bullion would be left to find their own level, and would accommodate themselves, like all other things, to the wants and demands of men, without forcing the wants and demands of men into an arbitrary conformity with the prices of bullion.

No injury could arise to any class of the community from thus altering the current value of coins, according as circumstances might require. If ever it should be thought expedient to lower that current value, the holders of coin would be injured in that degree, but then they would be equally benefited whenever it was thought expedient to raise that current value; and if they were apprehensive of being injured by the former, they might always relieve themselves by disposing of their coins, unless they should choose to take the prospect of gain as an equivalent for the prospect of loss. So far, however, as this principle

should operate in checking the disposition to hoard coins, it would have a beneficial effect upon the community, for by bringing the whole of the bullion circulation into constant action, it would give additional stimulus to the property and productive powers of the country. Whenever a disposition to hoard a circulating medium exists, the prosperity of the country requires far greater creations of that article than would otherwise be necessary. It is a disposition which is liable to arise from various circumstances, acting either upon the public fears, or upon the prices of bullion, and whenever it does arise, it ought to be counteracted by Legislative measures and provisions, or otherwise it is certain to produce the most disastrous effects.

The amount of gold coins in circulation would probably never exceed 10 or 20 millions, and the fluctuations of prices to which gold, like all other things, is naturally subject, would thus be left to act upon gold itself, without being counteracted by causing an equal action upon property generally. Those fluctuations would be confined to 10 or 20 millions of property, instead of being forcibly communicated to perhaps five thousand millions. They would also act upon insensible masses of metal, instead of being forced to act upon life, and flesh, and blood.

By thus varying from time to time the current value of gold and silver coins, as occasion might require, the bank might always be enabled to pay in *cash*; for as long as the guinea was worth more as coin than as bullion, the bank could have no difficulty in procuring coin in any quantity for any common purposes. And this is the state in which a bullion circulation should always be kept. It should always be worth more as coin, as money, than as bullion, and then the abundance of the coinage in circulation would always be rendered sufficient for its purposes, because the principles of its creation would be free, and every one would have an interest in converting bullion into coin, in converting ample proportions of the dead and fixed capital of the nation, into a living and circulating capital, in order to effect without difficulty the necessary exchanges and distribution of the whole. This power or disposition to convert dead capital into a circulating medium, is of vital consequence to the prosperity of a nation. It is directly opposite to a disposition to *hoard* a circulating medium, which is of itself sufficient to destroy the happiness of any country in which it is suffered to exist.

It is evident, also, that during a system of this kind, the taxes of the country would greatly increase in their produce, and that they would be

paid without difficulty or discontent, and might be readily encreased, if necessary, because during the free developement of the national industry, which would be the consequence, each individual in the country would find his income so much encreased, that he would scarcely feel the weight of his taxes, even though they were greatly encreased. This was the case in 1810; in that year, the whole of the population were fully employed. In the year 1816, one-fourth of the population were unemployed. The productions of that year, exceeded the amount of the productions of the year 1810, to a far greater amount than the whole of the taxes of either year amounted; and that excess of productions would clearly have enabled the payers of taxes in 1810, to have paid double the amount of taxes which they could have paid in 1816, and probably they could have paid those double taxes with less than one half of the misery and distress with which the taxes of 1816 were paid.

It is true, that money would probably depreciate, because it is the nature of money to depreciate as long as a country prospers, and as long as confidence, which is the creature of prosperity, combines with the general encrease of knowledge and civilization, in encreasing the substitutes which act as money; but the experience of history proves that the depreciation of money is not an

evil but a good. It is the consequence and cause of national prosperity, and although it is certain that countries may exist in a tolerable degree of prosperity without it, yet it is also clear that they will flourish more with it, and that its progress may be carried on *ad infinitum*, without any kind of injury to either home or foreign trade, or indeed to any description of persons, excepting only the annuitants of a country. And even the annuitants are not injured so much as may be supposed by the depreciation of money, for most of them possess also real property of some kind, which rises in monied value, and after awhile they invest their annuities, subject to a rate of depreciation which is seen to be going on, and in consequence they obtain higher annuities than they could otherwise have obtained.

But if it were otherwise, the interests of annuitants, who are a very small part of the community, ought not to be suffered to interfere with the welfare of the great body, but the annuitants should be bought up, or otherwise comprorized with to their satisfaction; and they should in future reserve the option of receiving their annuities, in kind; and then they would experience no evil whatever from the depreciation of money, however rapid it may be. If every person who purchases an annuity should take the precaution of stipulating.

that he should receive his annuity, at his option, either *in kind* or in money, or that his money should encrease in quantity with the encrease of the prices of grain or of labour, then he would always receive the same *real* annual income as he stipulated for, without the least injury or difficulty arising to the party who granted the annuity, for that party receiving from the purchaser of the annuity, the possession of, or command over, a certain quantity of valuable articles, for which he agreed to give back annually another certain quantity of valuable articles, would find his engagement neither made heavier or lighter by the alteration of the terms under which he might have to fulfil it. I mean, that he would have just the same amount of valuable articles to contribute annually, or if contributed in the depreciated money, he would necessarily find it just as easy to pay the encreased sum of money, as to pay the original articles which that sum originally commanded. All the difference would be, that he would not profit by the injury of the annuitant, but would preserve just the same relations to him as he held in the first instance.

During the late depreciation of money which was taking place prior to 1810, indeed, this kind of system was beginning to be carried very generally into effect, and what are called "Corn rents,"

or rents payable in corn at a certain ratio, or rising with the prices of corn, were beginning to be stipulated for in a variety of leases between landlord and tenant. Labour rents would probably have been preferable. These "Corn rents," or these optional payments "in kind," would clearly have obviated all the evils of a depreciation of money, and would have left the principles of national prosperity free and unfettered, to develop themselves as the national inclinations might direct.

It might, indeed, be said, that the high prices would injure the foreign trade, but it is scarcely necessary to observe, that this kind of injury is perfectly visionary, because alterations in the currency of one country can have no effect upon the currency of another country, and because if they had, the high prices would have just as great an effect in encouraging the imports as they would have in discouraging the exports. We should be enabled to pay foreign nations the same high prices as we demanded from them, and therefore since the exchange of commodities, either directly or indirectly, is the end and object of all foreign commerce, we should be enabled to accomplish that object just as well upon the new relations as on the old, just as well under one set of terms and figures as under another.

An objection may be started, that this power of altering from time to time the current value of coins,* as the current prices of bullion might re-

* If I am not mistaken, Solon, the Athenian Lawgiver, effected this object at Athens. I understand that he depreciated money by raising the current value of the coins, instead of alloying or diminishing their quality or weight. It is said of him, that he lowered the interest of money, and raised its current value. Some of his friends, it appears, whom he had intrusted with his intentions before the publication of the edict, took advantage of their knowledge to borrow large sums of money, which they invested in the purchase of estates, and thereby made a great profit by selling their estates, and repaying their debts in money at the new current value. That is to say, the estates rose in value by the depreciation of money, whilst the debts continued the same. Solon adopted this measure, not for the purpose of defrauding the public or private creditors, but for the purpose of promoting the public and private interests of his country, and that great object was only accomplished, like all others, by occasioning considerable individual hardship and distress. That great and just man was accused of having wilfully connived at the conduct of his friends, who borrowed the money, but his innocence was clearly substantiated, and he was found to be a loser by his own law.

There are many instances in history of nations who have flourished by the depreciation of money, and many, of the serious consequences which have attended the attempts of imprudent Sovereigns to arrest it; but I believe there is no instance to be found of a nation that has flourished during the action of falling prices, and I much doubt whether there is any instance to be found of a nation that has ever recovered its prosperity during the existence of low prices.

quire, would encrease the power of the crown, and place the property of the country too much at the disposal of the crown, which might thus be enabled to contract debts in bullion at £3 17s. 10½d. per ounce, and repay them at perhaps £7. 15s. 9d. per ounce, thereby repaying in bullion only one half, or perhaps one-tenth of what it had received. I answer, that the crown may readily be controuled by laws in this respect, in the same way as it is in so many others. The alteration of the current value of coins ought not to be left to the arbitrary will of the crown, but should be controuled by the natural alterations in the prices of bullion, by which the crown should be obligated to act. The trade of bullion being thus set free by legislative enactments, its prices would be uncontrollable by any power of the crown; and by those prices the crown would be guided, or its ministers would expose themselves to merited punishment. The power of the crown would, therefore, be nullified in this respect, to all injurious purposes, inasmuch as it would only be competent to act when the interests of the public required and compelled its interference. When the interests of the nation came in contact with the prices of bullion, the power of the crown would interfere to protect the interests of the nation, without at all injuring the interests of justice, or of the holders of bullion, but at all other times the power of the crown would be nugatory.

tory. But, in truth, there are so many ways in which any injurious power on the part of the crown may be counteracted, and the danger of that power is in itself so antiquated and visionary, in the present state of society here, that I am sure I should be intruding too much upon your indulgence if I were to enter into any further investigation of the subject.

I know that political economists have dwelt much on the necessity of not suffering coins to be diminished or alloyed, or raised in their current value. So they have upon the necessity of not suffering the prices of wheat, or meat, or gold to rise beyond certain arbitrary maximums. Political economists have in all ages been engaged in a vain and ruinous struggle to counteract the course of nature. All this is from the want of experience. The nation has emancipated itself from most of the errors of former times, but some few and fatal ones yet remain. Let any practical man of the present day read Adam Smith, and Hume, and Montesquieu on the subject of currency, and he will at once perceive that they knew but little about it, as it appears at the present day. Their great and enlightened minds, bursting out from the total darkness which surrounded them, did indeed scatter light and knowledge upon a thousand subjects, and rendered services to science

and to human nature, which entitle them to the veneration of mankind as long as science is valued or understood; but it is no disparagement to those great men to say, that they lived in periods when the situation of circumstances rendered it impossible for them to know much of that character of things which future events would develop. All ideas are the creatures of things, and when the things had not appeared, it was not possible for political economists to have correct ideas respecting them. When Mr. Pitt saved the nation in 1797, by the Bank Restriction Act, he did not take for his guide books and authorities which the progress of things had antiquated, but he took facts and human nature, which were to him a far better and surer guide. He watched the progress of society, and as things developed themselves he turned them to the purposes of life, and left behind him the errors and the fears which had shackled equal minds in darker days.

So we must act now. If we think it useful or convenient to have a bullion circulation, and to preserve a par of prices between coins and bullion, we must accomplish that object, not by forcing a maximum upon gold, not by forcibly binding down human wants, and modes, and means, to an arbitrary, and capricious, and fluctuating standard; but we must accomplish it by

forcing the standard to accommodate itself to human wants and means, and by raising the current value of our coins, according as the prices of bullion and as those wants and means may require.

It may possibly be objected that these alterations in the current value of coins, would not have the effect of remedying the evil of which we complain, but only of palliating and procrastinating it; and that they would involve the necessity of making future and greater alterations, until the payment in specie was become merely a nominal thing. This is like saying, that because we determine to preserve Bengal, it will, therefore, be necessary for us to conquer China! The evil of which we complain, has been a general impoverishment, and a want of employment and of reward for labour, which I have shown in former publications, has originated in the deficiency of money, which has no longer existed in sufficient quantities to create an efficient state of prices, or to effect the purposes for which it was intended. This evil would evidently be relieved by sufficient creations of money, and, indeed, it is already in part relieved by the creations which have already taken place. When this mighty evil is once relieved,—when the springs of individual industry are set free,—when suffering millions are again enabled to consume the fruits of the earth, whilst their in-

dustry is employed in annually re-producing them, then it will be time enough for us to consider whether or not it is possible for such an overwhelming calamity to occur again, and then is the proper time for us to guard against it. But to alledge the possibility of its future return, as a reason for our not relieving it now, is just as absurd as if a physician should suffer his patient to perish, in the vain fear that if he was saved, he might afterwards be subject to a tooth-ache.

I contend, however, that it is altogether optional with ourselves whether the evil shall ever occur again or not, and if it should occur, we have nothing to fear from it, because we shall always possess a remedy in our own hands. If we should think proper to encourage the depreciation of money, we shall certainly find, from time to time, that bullion will rise in value in common with all other things, unless counteracted by an encreased produce of the American mines, or by other circumstances to which I have alluded. And if bullion rises, it will be proper for us to raise the current value of our coins from time to time also, so as at least to keep pace with the prices of bullion; and this we may do, if we please, *ad infinitum*, until gold rises to £100 an ounce, or until what we call a guinea passes current for £200 or £100, without the possibility of injuring the country, or any part

of the country, excepting only the annuitants, who may protect themselves, as I have shewn; or, if that is too much trouble for them, the country may protect them. But because we think proper to preserve the circulation on the footing which it assumed after the passing of the Bank Restriction Act, we shall not therefore be compelled to push it on to a more extended system of depreciation. All this will be entirely optional with the nation. If an extended depreciation should be found beneficial, it is to be hoped that it will be adopted, but it will not be absolutely necessary to adopt it, because the wants and the means of the population can be supported on the footing of 1810. The footing of 1810 was necessary to be preserved, because the system of prices, as they then existed, had acted upon labour, upon rents, and profits, and taxes, and upon all the modes and the means whereby life is supported. But to preserve a system which has thus become fixed and rooted in the national interests, and which has interwoven itself in all the debts and obligations, and in all the thoughts and calculations of men, is a very different thing from launching out into a new and untried system of prices, which are not necessary to the social system, and which are not yet associated with the national interests and feelings, however calculated they may be, to gratify those interests in the end.

No, it will not be necessary for us to push the depreciation of money, nor will it be necessary for us to check it. It will be far better for us to leave all this to the wants and convenience of the population, who will be certain to create money in just the same amount as they have occasion for it, provided we will but set free the principles of its creation, by removing the *maximum* upon gold, and by suffering the coins of the realm to pass current for at least as great a value in coins as they are worth in bullion. This is all that we shall have to do. We shall only have to allow the public to have an interest in creating a circulating medium, like they have in creating all other things, and then we may be quite sure that it will be created in abundance ample to its purposes, and whether that abundance depreciates it or not will rest entirely upon the interest of the public, which ought to be our only guide.

It might, perhaps, be said also that alterations of the current value of coins, according as the national interests, and the current prices of bullion might require, would be a breach of national faith, inasmuch as the national debt was borrowed under an understanding that it was to be repaid in gold at 21s. to the guinea, or at £3 17s. 10½d. per ounce. This is not the fact, but if it were the fact, there would be no breach of the national faith, unless

the acceptance of payment in the new coins, at the proposed higher ratio, was made *compulsory* upon the holders of the national debt. But it is not proposed to use any kind of compulsion, nor indeed is it proposed to pay off the national debt at all as yet. It is time enough to consider in what medium it shall be repaid when the nation finds itself in a condition to repay it, but at present so far is that from being the case, that it is absolutely compelled to encrease the debt every year. It is not proposed to raise the current value of the guinea and the sovereign to 25s. and 24s. and then to create an immense quantity of them, and to compel the national creditors to receive them in payment of their debts, it is only proposed to create as many as may be wanted for the common purposes of the public, and to give that current value to them which the interests of the public and the prices of bullion may require. The stockholders are as much interested in favour of this as the rest of the nation. It has nothing at all to do with a breach of the national faith, although it may have a deal to do in keeping up the national prosperity, and in enabling the nation to create those productions with which alone the national debt can ever be redeemed. The new coins are created for the use of the nation, and not for the payment of the national debt, and a new current value may be given to them for the same use, without having any

effect upon that debt. The commissioners of the sinking fund may, indeed, continue to act in buying up stock, as they do now ; and if they please, they may *offer* the new guineas and sovereigns at the new current value in payment for their purchases of funds, but it will be entirely at the *option* of the parties selling stock whether they shall receive them or not. They will not be compelled to sell their stock at all, and if they should think proper to sell it, they may still sell it, if they please, as they do now, for bank notes, and cheques, and transfers. There would surely be no breach of the national faith in giving them the option also of receiving the new guineas and sovereigns at the new current value. If they should not choose to receive them, they may still be at liberty to receive the bank notes, or they may keep their stock in their own hands, if they can mend themselves by so doing. I suppose, however, that they would none of them make any difficulties in this respect. The stockholders are a set of *practical men*, matter of fact men, or such as Shakespeare calls " week day men." It is not likely that these kind of men would find any great difference between the new coins and the old ones, or between the new ones and the bank notes ; and if they are willing to receive the latter because the latter answer all the purposes for which they want them, it is likely that, for the same simple reason, they would be

equally willing to receive the new coins at the new current value, notwithstanding they might not contain so much gold as formerly, and notwithstanding any fine-spun sophistical reasoning, by which theorists and schoolmen might attempt to argue them out of the use of their senses.

The same arguments will hold good relative to the issue of the circulating Exchequer bills, or other national instruments, which I recommend to be issued for the purpose of supplying the place of bank notes, and of nullifying the dangerous powers with which the bank is invested. If these instruments are issued in purchases of the national debt, by the commissioners of the sinking fund, it will be entirely optional with the stock-holders whether they will receive them or not. If it suits their purposes to receive them, they will do so, but not otherwise. They may if they please still hold their stock until it may suit the nation to pay it off, or to purchase it in a different medium. But it is surely doing them no wrong to give them the opportunity of selling their stock for these national instruments if they please. They have no right to demand payment of their debt, but still there can be no reason why their accommodation should be disregarded, if they are desirous to have part of it converted into a floating and circulating debt, instead of letting the whole of it continue

as a dead and fixed debt ; and more particularly when the accommodating them in this respect, will supply the nation with an abundant and approved circulating medium. It cannot be said that national instruments issued in this way, would not be approved, or would not represent value just as effectually as guineas or bank notes. If the stockholders are now willing to trust the nation with six hundred millions sterling of dead national debt, and if their confidence in that prodigious debt is still unimpaired, it is clear that neither they, nor their fellow countrymen, could entertain any doubts of the validity of a circulating medium founded upon it. They could not have the less confidence in it because a part of it was converted into a circulating medium. It would make no difference to them whether the debt was fixed or circulating, excepting that the latter would be more convenient to them. No increase would take place in the amount of the debt, but only a part of it would be changed in the instruments which represent it, and all the difference would be, that the stockholders selling their proportions of the debt to the commissioners of the sinking fund, would hold real documents as their pledge and security, instead of holding, as they now do, merely the former seller's receipt, countersigned by the broker. These instruments would be a better evidence and security to them than the receipts

which they now hold. They would be a mortgage upon the national property, and would represent the value which was consumed in maintaining British soldiers and sailors, just as effectually as guineas represent the value consumed by slaves and Spaniards in the Spanish mines.

And there could be no possibility of this power being abused by the commissioners of the sinking fund, or other persons employed, for they would be obligated to act upon certain legislative provisions, from which they could not depart. For instance:—suppose the par of agricultural labour was made their guide, which is probably the best guide they could possibly have, as being more steady, and more closely identified with the national interest than any other. Returns would then be made weekly or monthly to the commissioners, from the proper officers in every county, and the commissioners would be obligated to encrease or diminish their purchases of the debt, or to make sales of the debt already purchased, according as those returns might require. If the par of agricultural labour was made 18s. per week, and I think it ought not to be made less, considering the circumstances of the country; then, when the returns shewed that labour had a tendency to fall to 17s. 6d. or 17s. it would be evident that the demand for labour was not equal to the supply, and

that it ought to be made so by the purchases of the commissioners, encreasing the circulation until it was. And when the returns shewed a tendency in labour to rise to 18s. 6d. or 19s. per week, then it would be evident that the demand for labour was greater than the supply ; and if thought desirable to alter such a state as this, it would readily be effected by the commissioners reducing the circulation by reselling proper portions of the debt which they had purchased. It would be by a rule of this kind that the commissioners would be forcibly guided, and thus no abuse could take place in their powers, but the demand for labour would always be made equal to the supply, and the country would be preserved in a perpetual encrease of riches and population, until all its lands were cultivated like a garden, and even then the same demand for labour would still be continued, and would divert itself into the cultivation and defence of other distant and barbarous countries, for the purpose of interchanging agricultural for mechanical productions.

It may be thought, that I attribute greater effects, to the circulating medium than it can possibly produce. If the lessons of History are regarded, and if the principles and modes of human action are properly considered, it will be found, however, that I do not. It will be found that in civi-

lized society, where the division of labour has obtained, the very existence of that society depends upon the circulating medium being equal to its purposes, that is to say, bearing such proportions to the dead capital of the nation as to be able to effect the production, exchange, distribution, and consumption of such capital, without loss to the producers and other persons employed. Unless this great agent is efficient for its purposes, the producer of iron perishes because he cannot exchange his iron for bread, and the producer of bread perishes because he cannot exchange his bread for clothing, and so on with all other things. This is not a proper place to enter farther into the subject, but I am convinced that on investigation the state of the circulating medium would be found to have a greater effect on the rise and the fall of nations than any other principle which can be named. I doubt not it would be found, if the matter could be thoroughly investigated, that no nation ever was reduced to a comparative state of barbarism during a state of rising prices and ample circulation. But when nations sunk into barbarism it must have been attended by the action of falling prices, which no longer covered the reward of industry, and therefore industry and production diminished, and with that consumption necessarily diminished, which again acted in reducing industry and production, until all industry became in vain,

and men found greater means and inducements to support themselves by robbery and idleness than they could possibly do by honest industry or employment. If the British Parliament should act upon a system of reducing the circulation gradually, until prices were restored to as low a state as they were in the days of William the Conqueror, and if they should have strength and disposition to persevere in effecting that object, I have not the least doubt that it would destroy the greater part of the population, and totally barbarize the remainder. Industry being no longer rewarded, idleness, and vice, and rapine, and famine, would rapidly succeed, until the whole country was reduced to a desert.

Let the action of the circulating medium upon national prosperity, however, be what it will, it is clear that by the system which I propose, we should derive all the benefits which circulation is competent to give, without the possibility of our ever finding it unequal to its purposes. The maximum upon gold (perhaps the worst and most injurious of all maximums) would no longer interfere with the wants and means of man. The depression of prices, during the action of which no country ever yet did flourish, or ever can flourish, would be effectually guarded against. The relations between property and money, and between capital and la-

bour, would become permanent and steady, and they would furnish permanent and steady grounds for the national industry to act upon. The roads and the channels through which industry operates, would be no longer dark and obscure. They would be open and well known, and could not lead to injury or disappointment. The capitalists would have an interest in employing the labourers in producing articles, and by the very action of that production they would occasion the consumption of just an equal amount of some other articles, either through their own expenditure, or through that of their labourers or their country. The labourers, producing on the average as much as four times their own consumption, would all be employed, and the three parts of their productions which they did not consume themselves, would necessarily be consumed through the expenditure of either rents, taxes, or profits, into which they would naturally divert themselves. It would not be possible for either production or consumption to exceed each other, for any difference of either would carry within itself the principles of its own reduction.

It may be asked, why I recommend the issue of circulating Exchequer bills, or other national instruments, through the medium of the national debt, when the circulation of the country would

so well be secured by continuing the Bank Restriction Act, and by altering from time to time the current value of coins, as the prices of bullion might require; I answer, that I consider that some other kind of circulation is necessary, in order to remedy the defects of both bullion and bank notes. If we rely upon these two latter, in the hour of peril, they will desert us. At that very period when we most need their assistance they will be withdrawn.*

* Whilst I am writing upon the subject of bullion, I will just mention a fact which now occurs in Spanish America, which will probably lead to a proper estimate of the accuracy of the Bullion Report, in representing bank notes as depreciated, because the guinea sold for 23s. or 24s. in currency. Currency had certainly depreciated generally by the encrease of credit and prosperity, and by the substitution of various instruments which acted as currency in the place of bank notes and of guineas; but under these circumstances, because guineas had risen in common with all other things, or because a greater than usual demand was occasioned for guineas, it was no proof that bank notes were, therefore, depreciated; and if they had been depreciated, it was no reason why they should have been withdrawn; on the contrary, they ought to have been encreased, in order to supply the deficiency of the circulating medium occasioned by the withdrawing of the guineas, as I have shown before.

The fact to which I allude in Spanish America is, that the price of gold there has lately risen to from 20 to 60 per cent. above the price of silver. There is such a general state of panic

The bullion will be hoarded as comprising a great value in a small compass, and the bank

and alarm in the Spanish Main, that all persons are endeavouring to effect the concealment or exportation of their property to a place of safety; and since silver is comparatively a bulky article, and gold a small one, which contains a great value in a small compass, the consequence is, that the facility of concealing or exporting property in the shape of gold, is far greater than in the shape of silver. Individuals are, therefore, currently giving 18 or 20 dollars of silver for a doubloon of gold, although the value of the doubloon is only 16 dollars; in Vera Cruz, the price of the gold doubloon has risen to 17½ dollars in silver; in Carthagena, to 20 dollars; and in Mexico, to the enormous premium of 28 dollars, which is a premium of 75 per cent. upon gold against silver!

If any other article of property existed which admitted of a greater ease in the transporting or concealing it than gold does, gold itself would then be depreciated when compared with that article, as silver now is when compared with gold. The circulating medium ought not to be the subject of these kind of actions and re-actions. It ought to be self-existent, supported by its own inherent legal powers and privileges, and not to be subject to be exported, or hoarded, or melted down, when most wanted, just according as public alarms or foreign circumstances may act upon the metal of which it is formed.

Precisely similar variations were lately occasioned in England between bullion and bank notes, as are now occasioned in South America, between gold and silver. The general depreciation of money, occasioned by the Bank Restriction Act, by numerous improvements in the circulating system, by the encrease of credit and confidence, and of the moral substitutes of circu-

notes, when once the Bank Restriction Act shall be suffered to expire, will be little more than the

lation, had no doubt caused some rise in the prices of bullion, in common with those of all other things. But that rise in the prices of bullion being counteracted by various circumstances, was but of trifling magnitude when compared with the rise of commodities generally (perhaps 10 or 15 per cent. only) until the bullion report, by exciting the public alarms, and directing the public attention to bullion, combined with the immense exportations of bullion, occasioned by foreign circumstances, to cause an advance upon the prices of bullion, to the extent of 30 or 40 per cent.

Similar circumstances might occur again to cause a similar rise in the prices of bullion, whether the circulation of bank notes was large or small, or even if there were no circulation of bank notes at all. The representatives of currency would still exist in various other shapes, and during times of public confidence and tranquillity; those representatives would measure the prices of bullion and of all other commodities, according as the public wants might require, until some circumstances arose to shake the public confidence and tranquillity, or to occasion an unusual export or concealment of bullion, when the prices of bullion would immediately rise, at a time when the prices of almost all other commodities would necessarily fall. The unusual demand for bullion would, of course, raise the prices of bullion, and that rise of the prices of bullion would encrease the demand for bullion, and would check the creation of the various representatives of currency, by causing a general disposition to convert them into bullion, and thus the prices of commodities generally would fall, whilst the prices of bullion rose. At such a time the national depression is sure to be very

notes of any private banker, and they will necessarily be withdrawn from circulation, whenever panic or want of confidence may occasion a demand upon the bank. Various circumstances may also operate to alarm the bank directors, or the public, even during the continuance of the Bank Restriction Act; and I suppose it would not be advisable to make that act perpetual; and whenever that act shall be suffered to expire, there would remain no sufficient protection against the evils of a general demand upon the bank. That demand will be met, not by unlocking hoards of bullion in the bank vaults, but by the diminishing of discounts, and withdrawing the bank notes from circulation. The whole prosperity of the country will thus be constantly liable to be arrested by all manner of political and ideal evils to which human apprehensions are exposed. It is useless to enumerate instances of this kind. In ancient times coins were hoarded during periods of alarm. In modern times bank notes are withdrawn during similar periods. At these very periods they are wanted most. It is therefore necessary that some other medium should be prepared, and previously

great, and ought to be relieved by the increased issue of bank notes, or of other instruments of sufficient legal power to supply the place of the bullion which may be hoarded, or exported, or required by the public necessities.

substantiated in the public affections, in order that the place of bank notes and of bullion may be effectually and readily supplied, whenever they should happen to be withdrawn. The national instruments which I recommend, would be above the reach of panic. Instead of disappearing during periods of alarm, they would grow and strengthen themselves under the pressure of circumstances, and resting themselves on the par of labour, they would always preserve for labour an ample demand. Clothed with all the powers of the coin of the realm, and reduceable into no other medium but themselves, they would go forth to discharge debts, and to purchase property, when debts could be discharged, and property purchased by no other means, and whilst they would relieve the public necessities, and preserve the public interests, they would bind and unite all descriptions of persons in a mutual determination to support the Government, and the system from whence they derived their power. To suppose that these instruments would not be omnipotent to all the purposes of circulation, is to know nothing of the strength of the British Legislature, and nothing of the system of debts and obligations which *dovetails* society together, and unites all classes and all descriptions of men, all creditors, and all debtors, in the mutual necessity of making use of any medium, which the law declares legal, and renders ample to their purposes.

But it may be said, that although it is true that the purchases of the national debt, by the commissioners of the sinking fund, being optional on the part of the sellers, might be carried on under the new current value of coins, or under the new system of national paper, without any breach of the national faith, yet still, the payment of the annual dividends is not a mere optional question with the stockholders, but is a positive right which they enjoy, and which would be violated under the new system. No such thing. Stockholders—practical men, do not find it violated now, when they receive their dividends in bank notes, and why should they find it violated then? They have none of them given gold for their debt: they have none of them expected gold for their debt, or for the dividends upon their debt: and they have none of them any right to receive gold for either principal or dividend, unless it is convenient for the nation to pay it them. Their debts were contracted in “British sterling,” and at the time they were contracted, they knew that the quantity of gold and silver, or other metal, which shall be comprised in the pound sterling, depended entirely upon the will of the Legislature, using its power, not with a view to defraud the stockholders, but according as the prices of gold and silver, and the welfare of the nation might require. They never troubled their heads about the manner or the medium in which their debts or their dividends might be

paid or repaid, provided they could get back British sterling, and the same quantity of valuable articles as they advanced and expected; and this they will still do, although the coins should be altered in their current value. They will get back a medium competent to discharge debts and to break open prison doors, and armed with all the powers of coin of the realm; and whether that medium is composed of small coins, or of large ones, or is made of gold or of copper, is no consideration of their's. The stockholders were not unreasonable enough to expect, that in the event of gold becoming scarce, or of the nation requiring larger quantities of gold, or of other circulating medium than formerly,—they were not unreasonable enough to expect, that in this case, the whole circulating system should be changed on their account; that the national interest should be sacrificed, in order to be enabled to pay them their dividends in gold, instead of bank notes, or in gold at a low price, when circumstances had occasioned a high price. All that the stockholders expected, was to have had their debts well secured, and to have their annual dividends paid in any approved circulating medium, which the interest of the country might require, and therefore they have never yet refused to receive bank notes, nor have they ever expressed any sort of dissatisfaction at such kind of payment. If they had ever

expected to have been paid their dividends in gold, on an antiquated par of gold, they would have advanced their principal far cheaper than they have hitherto done. They have been paid their dividends in *British sterling*, or in what they choose to consider as British sterling, and in what has answered their purpose, just as well as the medium which they advanced answered the purpose of the nation; and now they are to be told, poor ignorant creatures, forsooth, that they have been fraudulently treated all this time, and that they have a right to get back gold where they advanced paper, and two bushels of wheat, and two weeks' labour, where they advanced one; and all this because certain lawyers and scholars have discovered that some thousand years ago, the pound sterling comprised a pound weight of gold or of silver!!

These quibbles of casuists and theorists have never entered into the heads of the stockholders. When they lent their money, they knew they contracted debts in pounds sterling, and that the pound sterling was an ideal term, and had been altered frequently as the national interest had required; and they were not absurd enough to think of stipulating that it should never be altered again. If they had, they would have stipulated in a special contract, that their debts and divi-

dividends should be paid in so many ounces of silver or of gold, and not in the variable medium of the pound sterling. They never thought of such a contract as this, but were content to advance their money in the usual way, taking a large interest, and generally a large premium, as a consideration for the depreciation of money which they naturally saw was in progress. They advanced bank notes, and they have willingly received bank notes, and they will willingly receive the guineas at the new current value, in the same manner as they now receive the halfpence (which are equally a coin of the realm), at a price amounting to more than double what they are worth in copper. The halfpenny in coin (I mean the new halfpenny) is not worth so much as a farthing in copper; and yet the millions of labourers and other poor persons, who receive the payment of their weekly debts in this humble coin, do not consider themselves injured by that circumstance! Why then should the stockholders consider themselves injured by receiving payment of their dividends in gold coins worth a guinea, as coin, but not worth more than 10s. or 15s. as bullion?

But it is not proposed to pay them in gold coins worth only 10s. or 15s. to the guinea. It is proposed to pay them in gold coins of full value, according to the current prices of gold. It is pro-

posed to give them 25s. worth of gold at its current price for every 25s. of their debt. Where then will they have reason to complain? Will they insist on having payment in the ounce weight of gold? Where is their contract for such payment? And where is the contract that the nation should be deprived of its right of coining an ounce of gold into as many guineas, or sovereigns, or nobles, or other coins, as it may please, or as its wants and interests may require? The stockholders will still be treated better than the poor labourers are, if questions of this kind can be supposed to have any effect whatever upon the interest of the labourers or of themselves. A year or two ago, our millions of labourers, and other poor persons, were *compelled* by circumstances to receive payment of their weekly wages, and of their small debts, amounting frequently to £20, in *copper coins*, at £224 per ton, in coins, whilst these coins in copper were worth only £80 per ton, or about one-third of their current value; and even now they are *compelled* to receive their payments in copper coins not worth one half of what they represent!* These poor persons

* Whilst the copper coins of the King are worth in copper but little more than one third of what they represent, it is remarkable that the private copper tokens issued by individuals are, many of them, worth one half more than the coins of the King. The Birmingham penny, for instance, issued by the

advanced their small debts, many of them, in gold coins, 30 years ago, when gold was worth £3 17s.

overseers of the poor, contains just one half more copper than the Mint penny contains. One Birmingham penny weighs just three halfpence of the coin of the realm. According to the rule of judging laid down by some persons, a man receiving payment of a debt in Birmingham tokens, receives thus a payment of one half more than his just claim, or if he receives it in the copper coins of the realm, he receives one half less than his just claim. It appears, however, that the public are not learned enough to find out this great secret, for they will not allow the least discount on their debts for payment in Birmingham tokens, although those tokens literally contain one half more copper than the coins of the realm contain. So it would be also with bullion coins, if bullion was as much under par as copper. The last par of bullion coins was settled in the days of Elizabeth at £3 17s. 10½d. or about 28 bushels of wheat per ounce of gold. The last par of copper coins was settled about 10 years ago at £224 to the ton of copper. If the par of bullion coins should now be again fixed upon Queen Elizabeth's ratio, and an ounce of gold should be coined into £15. 8s. of bullion coins, equal to about 28 bushels of wheat in value, then I apprehend that the public would not be much more anxious to receive their payments in the ounce of gold than they are now in the ton of copper. Copper has fallen in price, and therefore it is not required, as coin, because no profit can be made by melting it. Gold has risen in price, and therefore it is required, because much profit may be made by melting it. There is no other mode by which profit can be made of gold coins, but by either melting them, or selling or disposing of them to other persons in order that they may be melted or exported. All these kind of persons ought to receive their payments in copper, and I sup-

10½d. to the ounce, and now they are compelled virtually to receive payment in copper coins, not worth one half of the value which the king's image gives them!

pose they would then be satisfied, when for every £224 worth of their debts, they received £80 worth of copper. They would then receive the measure which they wish others to receive, and could not but be satisfied therewith.

Some persons may think this a left-handed kind of reasoning, and may say that silver is a "standard," and that their debts shall be paid in silver, and not in copper. But other persons may say that copper is a British production, and a coin of the realm, and that their debts shall be paid in copper, and not in silver. There is no end to quibbles of this kind if the Legislature will but listen to them. Silver is not a legal tender for more than 40s. nor is copper for more than 5s. Let gold be made a legal tender for no more than £5, and then we shall hear no more of the depreciation of bank notes, or of any other medium which the national interests may require, and the National Legislature may approve.

Such scrupulous persons as are not then satisfied to receive any circulating medium which the Legislature may approve, may accommodate themselves by stipulating that all their debts and engagements shall be paid in so many ounces of gold, or tons of copper and iron. The country will have no occasion to trouble itself about private bargains of this kind, which cannot possibly do either good or harm to either party, although the patriarchal occupation of weighing "shekels," may possibly contribute to disperse the hypochondriack ennui which generates so much fastidiousness and disease.

Why should there be one law for the poor, and another for the rich? If the stockholders are not content to receive their dividends in gold and silver coins,* such as the nation may have occasion to use, let them receive them in copper, as the poor labourer does, and I suppose they will be content then; and probably they will soon solicit for their bank notes again. But let not the life and blood of man be sacrificed, let not the wants and necessities of the nation be compromised, in order to humour stockholders, or to gratify prejudices and quibbles which have no foundation either in justice or in reason.

* If it should be decided to alter the current value of bullion coins, according as the current prices of bullion may require; some inconvenience may be expected to arise from the confusion of ideas among labourers and ignorant persons, which the difference between the current value of the silver shilling, and the "shilling of account" might occasion. Such persons when they received and paid a silver shilling for one shilling and threepence of account, instead of twelpence, would be puzzled in their old associations, unless the silver shilling received a new name, and then it would pass for 1s. 3d. in payments, without interfering with the ideal shilling of twelpence of account, any more than the guinea of 21s. interferes with the ideal pound sterling of 20s. of account. Perhaps the best way, however, would be to call in the silver coinage as soon as the price of silver rises above par. and to issue others in their place with one fourth alloy. There would be no great expence in this, and without it, it would be proper to give the silver shilling a new name, which then passing current for 1s. 3d. would leave the shilling of account like the pound sterling, purely an ideal term.

But in truth, all these arguments about the depreciation of the currency being a fraud upon the stockholders, are worse than trifling. The nation never entered into any contract with the stockholders, that it would give up its power of altering or changing the coins of the realm, as its interest or convenience might require. Nor did the stockholders ever expect that the encrease of civilization and of wealth should be retarded, or that the modes and the means of life should be arrested, in order to enable them to receive their debts or their dividends in a better medium than they advanced. The stockholders will still receive their dividends in coin of the realm of full value, according to the current prices of bullion. It is really too much for them to expect that the prices of bullion should be controuled on their account. Let the prices of bullion take their natural course, and let not the prejudices or caprices of stockholders interfere with justice, or with the great interests of the nation. The nation has a right to alter its circulating medium, just as its interests may require. If this right had been given up by a contract with the stockholders, or with any other description of creditors, it would indeed have been a woeful period for the country, when any kind of debt was first suffered to be contracted. If a new and worthless kind of medium were created *for the purpose* of defrauding the stockholders, and of evading the payment of our just

debts, then indeed there would be a manifest injustice in that. But because the nation has no right to defraud the stockholders, it does not, therefore, follow that it has not a right to adopt any kind of measures which may be deemed conducive to the national interest. It does not, therefore, follow, that the interest of the stockholders is to be paramount to the interest of the nation ; or that the nation has not a right to create any kind of circulating medium which its interests may require ; and if the stockholders should find themselves injured by these, or any other great national measures, if they should find that their debts or dividends are paid them in a worse medium than they advanced, it is their part to bring their situation before the nation, and it is the duty of the nation to give them redress. If justice is not done them by the new medium, they must be paid in the old medium, or be otherwise satisfied in their claims. But to arrest the national industry, is not the way of enabling the nation to effect this. Because it may be proper to pay the stockholders in the old medium, or to give them other satisfaction ; it is no reason why the general use of a new medium should be prohibited, or why the labourers should be thrown out of employment, until the national riches and population are so far reduced as to be brought within the range of the old circulation. The unemployed labourers alone, in the last four

years, would have produced more than sufficient to have paid off the whole principal of the national debt, great as it is, and even to have paid it at the old ratio of 21s. to the guinea.* Let the principles of action be set free. Let the productive energies of the country receive their full development, and then, whether the dividends are paid to the stockholders at 21s. to the guinea, or at 30s. to the guinea, is not a consideration of much importance.

If it should appear just and right, let the dividends be paid in gold at £3 17s. 10½d. per ounce, or 21s. to the guinea. Whether the stockholders receive their dividends at £3 17s. 10½d. per ounce, or at £5, or £6 per ounce, or whether they are paid one ounce or two ounces, will make but very little difference indeed to the national interest, provided the national energies are set free in all other respects. If the setting free of the national

* Suppose a million only of labourers to have been unemployed during the last four years, whose wages would have amounted to 50 millions per annum. Their productions would have been four times as much as their wages, or consumption, which gives 200 millions per annum that the nation has evidently lost by suffering them to remain unemployed, which I have shewn they could not have been if the circulating system had been properly guarded and supported.

energies should have the effect of raising the price of gold to £5 per ounce, and if it should then be deemed just and right to pay the national dividends in gold at the old par of £3 17s. 10½d. per ounce, the consequence would be, that the nation would have about 10 millions per annum of *the new medium* to pay to the stockholders more than it now pays; and this would be no great burthen to bear, when compared with what the nation lately endured. The additional productions of one single fortnight, would more than provide the whole. And indeed the whole being composed of the new medium, would cover no greater amount of *real* value, than was covered under the payments which the national creditors lately received.

But the greater part of the national debt has been advanced in bank notes since the Bank Restriction Act. The dividends upon that part may, of course, still continue to be paid in bank notes whether gold rises or not. There will then only remain the debt advanced prior to the Bank Restriction Act, and the additional expence of the dividends upon that would not amount to more than three millions per annum, even if no part of it should be considered as redeemed by the sinking fund. And it is for the sake of saving this three millions per annum, or rather for the object of paying its value under one set of terms in-

stead of another, under a medium of low prices instead of a medium of high prices, that theorists would drive labour out of employment, and plunge the whole country into an abyss of poverty, anarchy, and ruin !

But whatever is done, it is essential to keep in view the necessity of not suffering the amount of bank notes, at present in circulation, to be diminished, before their place is efficiently supplied by some other medium. The least imprudence in this respect, may be productive of the most fatal consequences. If it should still be determined to endeavour to force down the prices of bullion, by imposing an arbitrary maximum, the nation must make the needful exertions to effect that object by forcible actions upon bullion itself, and not upon human wants and means. The consumption of bullion may be prohibited in gold and silver plate, and in all manner of plated goods; and the exportation of bullion either in bars or in coins, may be prohibited as far as possible, and a bounty may be allowed on its import; and the nation may enter into treaties with foreign powers, in order to obtain, the more readily, the great quantities of bullion which may be required. The importation and consumption of foreign articles too may be prohibited, or heavily taxed, so as to force the exports to exceed the imports, and

thereby encrease the importation of bullion. All this we shall know the worst of, and we may be sure that it will not injure us much, although it will have considerable consequences in promoting the national prosperity, by forcing the prices of bullion under the maximum, and by meeting the demand for coinage which the encreased wants and the encreased means of the population require. By making sufficient sacrifices and exertions of this nature, it is, perhaps, possible that the interests of the nation may, in some degree, be conciliated with the maximum upon bullion, and that the prices of bullion may be kept under the maximum, without forcing down the prices of labour and of commodities, without arresting the principles of national prosperity, and the full employment and developement of the national industry. But if we attempt to act upon human nature instead of acting upon bullion; if we attempt to force down the prices of bullion by controuling the principles of human action; if we attempt to force down those prices by diminishing the circulation, and by forcing down the prices of all other productions of industry, at the same time that we thus double the real weight of the debts and engagements under which industry labours; if we attempt all this, we shall be undertaking a task which is far beyond human power, which will grow under our labours, and which, sooner or later, will necessarily involve us in bankruptcy.

If it should not be deemed advisable to adopt any of the measures which I have discussed, I shall, perhaps, be excused, if I suggest the propriety of establishing some other kind of circulating medium, by which the approaching contingency may be met, and by which the dangers of the present system may be counteracted. As long as money can be had readily and generally upon mortgage at 5 per cent. interest, or under, it is clear that there can be no deficiency of it in the country. Until within these nine months you are well aware, that for several years past it has not been possible to obtain money upon mortgage, except as a matter of favour: nor was it possible to obtain it by sales, excepting at ruinous sacrifices. If this great end could have been accomplished, as the interests of the country required, it is clear that no deficiency could ever have been felt, nor could prices ever have experienced a depression, because the greater became the want of money, the greater would have become its creation and supply, which would soon have restored prices to their former level.

If it should still be determined to continue the maximum upon gold, the evil may, in a great degree, be counteracted by passing an act of parliament, establishing a commission for the purpose of receiving the deposit of landed estates, or of stock in the funds, and of issuing to the owners upon mortgage, at 5 per

cent. interest, certificates or debentures of various sizes, to the amount of one-half of the value of the estates, or stock so mortgaged. These certificates or debentures should be clothed with all the powers of coin of the realm ; and being thus created, they would, in fact, contain a greater proportion of *real* value than the coin of the realm itself, and would at all times prevent the possibility of the country suffering from the deficiency of the circulation, at the same time that they would not encourage a too redundant circulation, because as soon as ever the plenty of money was become so great as to enable the borrowers of certificates to discharge their debts to the Commissioners, by borrowing of their neighbours, at, perhaps, only 3 or 4 per cent. interest, or by effecting favourable sales of their property, then they would necessarily redeem their mortgages from the Commissioners, and thus the circulation would always be preserved on a par of 5 per cent. interest per annum.

It cannot be said that this system would encourage a speculative or unhealthy degree of accommodation. During a state of healthy circulation and prosperity it would literally have no action at all, and none of the certificates would be created, because other money could be readily had by the usual modes and means. It would only be during a state of unhealthy circulation, during

a state of exhaustion, and danger, and alarm, that the certificates would be had recourse to, and then they would be created in abundance, and would rapidly counteract the effects of panic, and restore confidence, and industry, and prosperity throughout the country.

Whenever moral causes acting on the public mind, or caprice or alarm on the part of the Bank of England, or of the country bankers, should act in reducing the circulation so as to endanger the state of prices, the recourse which the public would instantly have to the certificates, would immediately restore confidence and credit, and prevent the possibility of the country experiencing any want of employment, under any circumstances to which it could possibly be exposed.

Without doubt it has occurred to your reflections, that moral causes alone may frequently act upon the principles of credit and confidence, so as to occasion a very serious depression of prices, and be productive of the most disastrous consequences to the country. During a state of strong health and prosperity, wherein prices have assumed certain relations upon which men can act with confidence and success, it is well known that individuals generally are in the habit of embarking larger in their different pursuits than in a period

of depression and disease. A capitalist possessing a real capital of £20,000, according to the existing valuations of the country, will, under those circumstances, put his capital on the stretch of its powers, and will transact business to the amount of, perhaps, £40,000 or £50,000 per ann. which he can prudently do, at such a time, not only without fear or difficulty, but with the certainty of obtaining ample profits. Other capitalists, of bolder and more speculative characters, will put their capitals on a still greater stretch of exertion, and will transact business every year to ten or twenty times the amount of their capital. In this way all the dormant capital of the country is brought into action, and is made productive of returns for the annual maintenance of the population. The system is necessarily general among all trades, and probably one-half of the population of the country are supported by it. A very small basis of coined bullion, or of bank notes, or of any other description of medium, which is made a legal tender, will, during such circumstances be sufficient to support and uphold a mighty mass of more artificial circulation, which is equally vital to the body politic as the basis upon which it is supported,—moving to and fro the property of the nation, and operating its exchanges, its production, and distribution almost by the mere action of the human mind. All this is the creation of the national

prosperity. But when moral causes act upon the principles of credit and confidence, all prudent capitalists immediately reduce their dealings within their own capital ; and the bolder capitalists are soon induced or compelled to reduce their's in the same way, whilst thousands of active and industrious men, who operate with the capital of others, are forced into bankruptcy and ruin.

The business of the country is thus suddenly contracted in such a manner, that it is no longer competent to support the population. The prices of commodities are forced below the expences of their production. The markets are glutted with commodities and with labour, but no money is to be found, because the sudden depression of prices has arrested the creation of bills of exchange, and other circulating instruments, which acted as money, and the public are obliged to have recourse to bank notes or to coins. Thus, by the mere action of moral causes, without any preceding reduction of the bank note or bullion circulation, the whole circulating system may be shook to its foundations. It is then necessary to give increased strength and breadth to those foundations, and to encrease the vital energy which proceeds from them. It is necessary that the moral causes should be immediately counteracted by a temporary encrease of the coins, or bank notes, or

other basis upon which the circulating system is supported. At such a period it is fatally true, that nothing but legislative measures or provisions can arrest the evil before it has endangered the very existence of the country. For during such a period of alarm, instead of the bank notes or coined bullion being found to encrease, they are found to diminish as rapidly as the other parts of the circulating system; and thus the evil is left to act upon its own elements, until ruin and anarchy ensue. The coins are all hoarded by the capitalists in the place of their usual stocks of dead capital, in which they have lost all confidence, and the bank notes are withdrawn by the alarm of the Bank Directors, and by the encreased difficulty of issuing them upon plenty of safe and approved bills or securities. But under the protection of the Act of Parliament which I recommend, the circulating system would be rendered firm and secure at all times. No circumstances of panic could affect it, because the very action of those circumstances would strengthen and encrease the basis upon which it acts. In the first moment that money became scarce, so as to endanger the state of prices, the interests of the capitalists would force them to the Commissioners, and the issue of certificates would instantly relieve their anxiety, and arresting the current of the public fears, would restore that confidence and activity, without which,

prosperity cannot exist. The Bank of England might withdraw its circulation; the whole circulation of guineas or sovereigns might be withdrawn at the same time, by panic, or by foreign circumstances; the country bankers might also withdraw their circulation, and yet the issue of certificates would instantly replace the whole, and furnish a more effectual basis for the circulating system than even the guineas themselves. In the exact ratio, as they were wanted, they would be created; and when they were no longer wanted, they would no longer be created, because the capitalists of the country could then borrow, or raise money from each other, at a cheaper rate than they could raise it from the Commissioners of certificates.

It cannot be said that these certificates, or even the circulating exchequer bills, or other national instruments, would resemble *assignats*, and would not carry with them the confidence of the public. The certificates would represent the *real* value which was mortgaged in a *double* amount for their security, and the national instruments would represent that portion of the national debt which their issue had redeemed. If that portion of the national debt is not depreciated now, but worth £83 to the £100 consols, whilst it is, as it were, locked up from the purposes of circulation, why

should it be depreciated when it is converted into a circulating medium, when the £83, instead of being a dead and unrepresented debt from Government, should be converted into an active and circulating debt, and be acknowledged and represented by national instruments, armed with all the powers of coin of the realm? Such additional privileges would, without doubt, have the effect of encreasing the public confidence in that portion of the debt, instead of diminishing it. It appears to me, that it would not be possible for these instruments to depreciate, unless their issue was carried to a greater extent than the wants of the country require; that is to say, so far as to depreciate money beyond the ratio of 1810, and to raise the value of agricultural labour above 18s. per week.

If their issue was carried beyond these purposes, it would certainly carry with it an additional depreciation of money, which is not necessary to the national prosperity. But we have no occasion to carry their issue beyond these limits. All that we have to do is to see that these limits are reached; and if the bank notes and the coins should ever appear incompetent to effect that purpose, we must then facilitate the issue of the national instruments or certificates until it is effected; but we need do so no further. And if it afterwards should appear that the circulation of bank notes and

coins should have recovered itself, so as to be able to preserve an ample state of the currency of itself, then the national instruments, or an adequate portion of them, may be withdrawn by the same means as they were issued, that is to say, by re-selling the parts of the national debt which, in their issue, they had redeemed. The certificates would naturally withdraw themselves as soon as ever the general plenty of money had reduced its value below the rate of interest, at which they were borrowed.

I believe it is acknowledged on all hands, now, that the value of money ought not to be restored to the level of 1791, but that the interest of the country, and the necessity of not repaying more real value for the national debt than the nation has received, require that the level of 1810 should be preserved as near as possible. It was at that level that the greater part of the national debt was borrowed, and that, by far the greater part of all the private debts and obligations were contracted. To go back to the level of 1791, was, therefore, to break up the whole system under which mankind were acting and competent to act, and to sacrifice all debtors and mortgagers, all tenants and leaseholders, to creditors and mortgagees and lessors. In short, it was to sacrifice all the active and vital energies of the country to the

monied interest. But I have said enough of this on other occasions.

But if the issue of these national instruments or certificates was not carried beyond the limits which I have laid down, or any other that may be more correct, then they could not be depreciated in the public estimation, and no additional depreciation of money could be occasioned by them, nor could they occasion any greater rise of the prices of bullion, than would be occasioned by suffering the same effects to be worked by the mere issue of bank notes alone.

That rise of the prices of bullion must still take place in the necessary restoration of the country which is going on, unless such rise may be counteracted by the circumstances to which I have alluded, and those circumstances would counteract it, under the issue of these national instruments or certificates, just the same as under the issue of bank notes alone.

We should derive no evil, therefore, of any kind from the issue of these instruments or certificates; but we should derive a great deal of good in having them ready prepared to counteract, upon occasion, any defects or deficiencies which, from

time to time, may be expected to exhibit themselves in bullion and bank notes.

Assignats, and other documents of their description, issued in foreign countries, would bear no relation to these national instruments in England. The former have been generally issued, not for the purposes of a circulating medium, but for the sole purpose of enabling tyrannical governments to get possession of the property of their subjects, without an equivalent security. The latter would be issued solely for the purposes of a circulating medium, and for the promotion of the national interests, in which every individual is himself interested. They would also be sanctioned by the British Parliament, which is, in fact, the British nation, and would be issued under that sanction and safeguard, not in payments *ad libitum*, at the will of tyrants, without due security or value in exchange, but in equivalent purchases of the capital invested in the national debt, which capital possesses the same protection for its principal, as the land itself, from which it derives its annual dividends. That capital possesses now an annual rental in taxes, more than equivalent to pay its dividends for ever ; and, therefore, since it possesses a firm and efficient rental, for its protection ; and since it represents the bona fide principal which *has been* advanced to



the nation, in lieu of which the nation has granted that rental ; and since it is, in fact, a certain rent-charge *, or mortgage upon the whole national pro-

* The national debt being a kind of rent charge upon the national property, and arising not really from any diminution in the real produce of the rents and profits of the nation, but from a diversion of those additional rents and profits, which would otherwise have been occasioned by the inventions and improvements of the last 30 years, may in this light be considered as a real and bona fide *creation* of so much capital as it nominally amounts to, and as such, it certainly requires some additional circulating medium to represent it. If we consider the inventions and improvements of the last 30 years, as having produced a mass of property equal to that which is covered under the national debt, we shall then find, that by the action of loans, the whole of that mass of property has been diverted into the debt, and that the debt now represents the capital or principal which has been added in value or amount to the national property, and its dividends represent the annual income, which is derived from such encrease of the national property. The national debt is, therefore, a real mass of property or capital, consisting in reality of all the newly enclosed and improved lands, and of all the new inventions and improvements of the last 30 years; although this great mass of new and separate capital has been suffered to amalgamate with the general property of the nation, and instead of deriving a separate income from it, the national creditors have sunk their separate income, and have received a certain rent charge upon the whole of the property of the country. If it could have been possible, however, to have directed the productive powers of the new lands and improvements without this general amalgamation; then it would have been found, that the encrease of the national riches which they have produced would

perty, for which an ample annual rental is provided and secured ; I say for these reasons, it would not be possible for the national instruments founded upon it, to have the least relation to assignats, or to want, in any shape, the unbounded confidence of the public.

more than have covered the whole amount of the national debt, and would have enabled the country to have terminated the late war without any additional burthen, and without borrowing one single shilling. In fact, the only difference between the national creditors and the national proprietors seems to be, that the rights of the latter are *individualized* and open, but those of the former are *generalized* and obscure. The capital and rents of the latter are real and individualized ; those of the former are also real, but they are generalized. They are in the shape of a mortgage upon the whole, instead of that of proprietorship of parts. As a proof that this is the proper way of viewing the national debt, we need only consider that during its accumulation, the nation has supported greater armies, and greater public expences, than at any former period, and yet the mass of the national riches has been so far from being injured or diminished thereby, that the country has also been enabled to encrease the developement of its private riches, and private luxuries, to almost as great an extent as its national energies have been developed. The population of the country has probably not doubled since the days of Queen Ann ; but no one will contend that the great mass of comforts, and luxuries, and real riches, has not doubled since that time, notwithstanding the accumulation of the national debt. If we compare the year 1710 with the year 1810, it cannot be doubted that the number of rich individuals had more than doubled in the latter year, and that the general distribution of necessaries and comforts had encreased, at least as fast as the population had encreased.

Gentlemen but little consider these things, and they but little consider the power of the British Parliament, and the system of debts and obligations under which all transactions are carried on in England, who consider that these instruments could, in any way, be depreciated in the public esteem, as long as they were properly armed by legislative power, and issued under legislative sanction and protection.

There is one thing which it may be proper to say a little more upon. I mean the *par* of labour, and the difficulty of taking that for a guide in the issue of the national instruments to which I have alluded. If the certificates are adopted, they would, of course, be issued at all times as the public might require them.

If it is decided to continue the increased issues of money until the average wages of agricultural labour, throughout the kingdom, reach 18s. per week, we may be quite sure that by that time there will not be a single honest man in the kingdom unemployed, or in want of the comforts of his station if he is able to work. If we consider 18s. per week, or any other sum, as the *par* of labour, we should have no difficulty in regulating the circulation upon it, so as always to preserve it at that price, provided we were to act

only with the national instruments above recommended. But since we shall also have to allow the action of bank notes, and of bullion coins, and of other parts of currency which are more beyond our controul, and which will be subject to contract, or expand themselves according as circumstances act upon them; and since upon any sudden reduction of these parts of the national currency, its effects in reducing the price of labour, though certain in the end, will not be immediate, we shall, therefore, be exposed to the danger of being too late in applying the proper remedy, by issuing sufficient quantities of the national instruments. Neither when we have issued sufficient quantities of those instruments, will their effects in restoring the employment and the price of labour be immediate, but they will necessarily be gradual, and require some months for their operation, and during this period, a great part of the labourers may be deprived of employment, and the productive powers of the country be seriously crippled.

It will be desirable, therefore, to fix upon some other kind of political *barometer*, as it were, by which we may regulate immediate issues of national instruments, in order to preserve labour from the serious fluctuations of demand and of price, to which it has been hitherto exposed.

It is probable that the state of the money markets of the metropolis would furnish this additional *par* which, in conjunction with the *par* of agricultural labour, would serve as infallible guides to direct our operations with the national instruments in the purchases or sales of the national debt, so as always to preserve the currency equal to its purposes, and prevent the possibility of labour being thrown out of employment for any period, however short.

As long as money could be readily obtained in the metropolis, on approved mortgages at 5 per cent. it would be sufficient evidence that no contractive action had taken place upon the currency there; and it is clear, that all contractive or expansive actions upon currency, would necessarily exhibit themselves in the metropolis on their commencement, and before they should have had time to act upon labour. If we, therefore, assume 5 per cent. interest as the *par* of money, and 18s. per week as the *par* of agricultural labour, we shall obtain between them both a temporary and a permanent guide to our conduct in regulating the issue of the circulating exchequer bills, or other national instruments.

But it is useless to dwell any longer upon this subject. If it should be determined to convert a portion of the national debt into a portion of the

circulating medium, and to use that medium so converted as a great regulator of all the other parts of the national currency, it is sufficiently clear that we should find but little difficulty in fixing upon various principles by which our conduct may be guided, so as to prevent the possibility of our ever again being injured by actions upon currency. We should thenceforth be subject to bad harvests and other natural evils, as we are now, but the riches of the country, and the stocks of grain, and other articles of subsistence in the hands of the capitalists, would prevent any very serious advance of prices arising from scarcity of food, and we should be securely guarded from all actions upon currency, and should never again know the affliction of seeing our population unemployed, even though their numbers should be encreased four-fold.

My dear Sir, I will now bring my letter to a conclusion. I have endeavoured to prove that the Bank Restriction Act ought to be continued in existence for the present. That the bank ought on no account to be suffered to diminish its circulation: but on the contrary, that it should be obligated to encrease it, if required, until every honest labourer in the kingdom has full employment. If these issues of bank notes, whilst they are acting in raising the prices of all commodities above the expences of their production, should

also act in raising the prices of bullion above its old maximums, which it seems they are now doing, and which it is probable they must necessarily do permanently, I have then endeavoured to prove that this contingency ought to be met, not by withdrawing the bank notes within the compass of the bullion, but by expanding the capacities of the bullion to a level with the bank notes, by raising the current value of the bullion coins, or by alloying or diminishing their quality or weight. I have also endeavoured to show that it is expedient that some other description of paper currency should be issued and substantiated in the public confidence, in order to give strength and consistency to the circulating system, and to counteract the evils to which the circulation of both bullion and bank notes is alike exposed. Another principal object which I have had in view, in this, and my other publications, has been to prove that the full employment of labour depends not upon foreign trade, which is merely a developement of the national expenditure, but entirely upon the efficiency of the circulating system.

With much and sincere respect,

I remain,

My dear Sir,

Your faithful humble Servant,

THOMAS ATTWOOD.

To Arthur Young, Esq.

POSTSCRIPT.

IT may not be altogether useless for me to make a few remarks upon the policy upon which the Bank of England has acted, prior to the passing of the Bank Restriction Act. It is generally understood that the bank has acted upon the system of regulating the diminished or encreased issue of its notes by the rise or fall of the prices of bullion. This policy has probably been forced upon the bank by the Legislative defects of the system under which it has been obliged to act, but it has been seriously injurious to the best interests of the country. Instead of diminishing its issue of notes on the rise of the prices of bullion, in order to make its notes equally scarce and equally valuable with gold, that issue ought to have been encreased on such rise, in order to supply the deficiency of the gold coinage, which such rise must necessarily have occasioned. So instead of encreasing its issue on any fall in the prices of bullion, in order to make their notes equally plentiful and equally cheap

with gold, those issues might safely have been diminished at that period, in order to give place to the encreased coinages of bullion, which the low prices of bullion must necessarily occasion. The policy of the bank has been to withdraw its notes at the very periods when the country most required them, and to restore them when the country had no occasion for them.

Here has been one great cause of the fatal fluctuations to which prices, property, and prosperity have been subjected. At one period, when the natural creations of gold coinage, occasioned by its low price, have filled the country with a circulating medium, and carried prices as high as the employment of the labourers, and the welfare of the country required; then the bank has come forward with its encreased circulation, "giving its sum of more to what already had too much," and glutting the nation with diseased excitements, in order that it may feel more acutely the lassitude and misery which the re-action of those excitements must rapidly occasion.

At another period, when some extraneous circumstances or other have acted in raising the prices of bullion, and have thereby diminished the gold coinage, by necessarily causing it to be exported or melted down,—at such a period as this,

when the diminution of the usual gold coinage in the country has depressed the regular prices of property, so as no longer to cover the reward of industry in producing property ; then the bank, also, instead of extending its issues of notes for the relief of the social body, has been obliged to contract those issues, thereby encreasing the general lassitude and depression, and driving millions out of employment, in order to perish with the thousands which the diminution of the gold circulation had already left in a state of ruin and distress. With equal reason might a physician have forced stimulants and excitements upon a person in the fulness of health and spirits, and have proceeded to bleed and debilitate another, already perishing from exhaustion and loss of blood.

I do not blame the Bank Directors for this kind of conduct, but I blame the nation for continuing the maximum upon gold, or for not having been prepared with some other medium, which might have been issued to supply the place of gold and bank notes, whenever gold and bank notes might be withdrawn. If the nation had been prepared with circulating exchequer bills of proper sizes, or with other kinds of national paper, in order to divert them into circulation, through the national debt, or through any other means, whenever the state of prices and employment might re-

quire; then the whole of the gold circulation might have been withdrawn, and the whole of the bank note circulation also, without affecting the general state of prices at all, and without driving a single labourer out of employment. But these vital principles have been neglected. The circulating medium, through the agency of which all riches are exchanged, distributed, consumed, and reproduced, has been quite overlooked, and the British population have been looking to foreign trade, and to colonies, and to all manner of chimeras, as the sources of their strength and their riches, forgetting that their productive powers are their only *real* riches; and that every nation is rich or poor, weak or strong, not according to the extent of its foreign trade, which is merely a channel through which the expenditure of the national riches develops itself; but according to the magnitude and energy of its productive powers, from which all national riches proceed.

I have often alluded to Mr. Pitt's having saved the nation in 1797. I believe it is generally acknowledged that the great and sudden exertions which the nation had then made, combined with the consequent exportation of bullion and bullion coins, and the general alarm and want of confidence which political circumstances had occasioned, would have caused a national bankruptcy,

and probably have led to all the horrors of a long and bloody revolution, if the public alarms had not been arrested by the Bank Restriction Act, and the public wants relieved by an additional supply of bank notes to replace the guineas that had been sent abroad. The dangers of the country were great and imminent in 1797, but they were greater in the Christmas of 1816; and in both periods they have been arrested by the same measures. In the latter period, the whole of the agricultural and mechanical labourers throughout the country were agitated to excess; some from the total want of employment, and others from the partial want of employment; some from the falling of their wages, and others from expecting them to fall: some from being reduced to seek parochial aid, and others from being convinced that if they should lose their places, they had no other resource but such aid, and all of them suffering under new and strange privations and distresses. The creation of money, which has been the consequence of legislative measures, has scattered life and contentment through these suffering millions, and in that very action it has restored their natural feelings and associations, and given them again to value the free and benignant system under which they live. If this creation of money is properly persevered in, we may be sure that we shall hear no more of public discontents.

It may be thought that all these great effects are not owing to the creation of money ; for that the riots in Derbyshire took place long after the increased issue of bank notes took place. I answer, that the new money had not then found its way into Derbyshire, nor any where else out of the precincts of London, and that now it has begun to act in that county, and in all other counties, which but for this, would long ere now have been a wide scene of devastation and blood.

If it should be determined to let the Bank Restriction Act expire, I cannot help suggesting the great advantages which would accrue to the public from still suffering it to continue in force, so far as relates to payments between man and man. If the bank note was made a legal tender from all persons but the Bank itself, it would expose the public to no inconvenience, except that of carrying their bank notes to the bank for payment, at the same time that it would throw at liberty many million of guineas, which would otherwise remain dormant in the chests of merchants and bankers, for the purpose of meeting their engagements. These dormant guineas or sovereigns would be just as much lost to all the purposes of circulation and of riches, as an equivalent amount of iron or copper buried in the bowels of the earth. It is essential that the nation should not have its coin-

age hoarded. It is created for a circulating medium, and it ought to be of such a character that it cannot be hoarded without loss, or otherwise the object of its creation may be defeated.

Dr. Clarke remarks in his travels, that it was the working of the gold mines of Macedonia, that enabled Alexander to conquer the world. It furnishes one of the most reasonable solutions of his conquests that I have ever heard assigned; probably a better than either the bravery of his soldiers, or the skill of his generals. In the same manner the Bank Restriction Act in England, by unlocking the hoards of gold and silver, and sending them abroad to subsidize dependent nations, and by setting free the principles of her immense productive power, enabled England to make those extraordinary efforts and sacrifices which have now terminated in the downfall of the greatest monarchy that ever appeared on the earth.

A great deal has been said about bank notes being stimulants and involving ultimate dangers, and about the necessity of leaving nature to herself, who it is said, will be sure to provide as much gold currency as the wholesome wants of the country can require. All this is specious and false. I should like to see it proved that bank notes are, in any way, greater stimulants than

gold. Gold itself is a stimulus ; and so far as it contributes to the employment of industry, it is a wholesome stimulus, but no farther, and this is all I contend for in bank notes. I do not wish to push the circulation of bank notes beyond what is necessary to keep the population of the country employed. After this is effected, any addition of either bank notes or of gold, is worth less than nothing ; for it then may act as a stimulant, exciting nature to greater exertions than her wants and powers require. But it is absurd to say that any addition of either is an injurious stimulus, so long as one single individual in the country remains unemployed, for there is no other use in either, than to give employment to the population, and to distribute the general production throughout the general consumption of the country. If gentlemen are prepared to effect this purpose by other means, there can be no use in bank notes or in gold ; but whilst they have been seeking to effect it, in all manner of theoretical reveries, the country has been perishing. They have been waiting the course of nature, and nature has been acting through ruin, and anarchy, and death. And all this is to be endured because theorists tell us that bank notes are stimulants. They might as well tell us that a famished man must die, because bread is a stimulant. What is it to us whether bank notes are stimulants or not, if they have the

effect of arresting the sweeping ruin which has overwhelmed us? If they were the strongest stimulants in nature, it is no argument at all against the necessity of their use. When the prosperity of the country is restored, then is the time to discuss the character of bank notes, and to determine of what parts the circulating system shall consist, and not whilst the patient is dying.

But I deny that bank notes are stimulants at all. They are merely a conversion of dead capital into active and circulating capital, and guineas themselves are no more than this. Bank notes represent the British goods which are deposited, as it were, in the Bank of England, and guineas represent the same quantity of British goods which are given to the foreign merchant. I have shown in "Prosperity Restored," that bank notes are more controulable, and less liable to fluctuations, than gold, and that prices may be preserved more steadily, on a given ratio, by their use, than by that of gold. Bank notes have certainly been an addition to the circulation in the last 20 years, and so have country bank notes, and bills of exchange, and book debts, and transfers, been additions to the circulation. But because the circulation has thus been expanded, and has carried with it a great increase in prices, and in the prosperity and population of the country, it is no reason why the circu-

lation should now be contracted, and the riches and population of the country be reduced to their former level; nor is it any reason why such additional circulation should be considered as stimulant any more than the former parts of the circulation should be so considered. It cannot be said to have been "stimulant," unless it has been greater than the wants of the country required; that is to say, unless it has been so abundant as to have enabled the capitalists generally to have borrowed upon mortgage at 2 or 3 per cent. instead of 5 per cent. which no one pretends has been the case. The circulation has no doubt encreased and improved with the general encrease of science and knowledge, and of improvements, and inventions of a thousand kinds. Gentlemen might with much more propriety tell us, that steam engines and canals are stimulants, and that we must forego their use and that of all other improvements, for fear of some terrible calamities in which they may involve us. Let gentlemen show us what these calamities are, and how they can arise from either steam engines, or bank notes, and when they do arrive, let gentlemen show that they will at the worst be equal to a hundredth part of the sufferings which we have already endured, in our vain endeavours to double all private and public debts in the country, by restoring currency and prices to the level of 1791.

If bank notes are indeed unhealthy stimulants, why are they suffered to exist at all? If 40 millions of bank notes are unhealthy, why are not 20 millions the same, though in a less degree? And how are we to measure the quantity of bank notes that is healthy, and that which is unhealthy? Are human wants and comforts to be our guide, or is the price of bullion to be our guide? If bullion diminishes, are we to cut down man? or if man encreases, are we to expand the capacities of bullion? No one pretends that a moderate circulation of bank notes is unhealthy, say 10 or 20 millions, and yet it is said, that an encrease of 20 millions more is unhealthy. Certainly it would be so, if the former circulation were equal to its duties, if it were competent to keep the whole population in full employment. But it was not equal to this, and, therefore, an encrease sufficient to make it so, was no more an unhealthy stimulus than the former moderate issue was. And why is it not proposed to prohibit the circulation of country bank notes, and of bills of exchange? All these are certainly more unhealthy stimulants than Bank of England notes, and yet no one proposes to prohibit them. It is only proposed to prevent the creation of such a quantity of bank notes as may be necessary to support the country bank notes and the bills of exchange in an ample and efficient way. If it were proposed to go a little farther than this, and to

prohibit the circulation of any bank notes at all, the country would at once perceive the ruinous consequences of this, and from thence would be led to perceive the nearly equally ruinous consequences of prohibiting an adequate encrease in their amount; for if it is good to have a circulation which provides one-half employment for the nation, it is certainly far better to have one which provides a full employment for all. This was a kind of argument I could never find answered two or three years ago. When any one denied that an encreased issue of bank notes would restore the national prosperity, I enquired what would be the consequence of the bank suddenly withdrawing one-half or the whole of its then circulation? The answer was, of course, the national distress would be greatly encreased. But if a diminution of the bank notes in circulation, would encrease the national distress, a correspondent encrease must necessarily relieve it in the same degree; a *correllary* which experience has since proved.

It is no argument to say that we are at present suffering from the revulsion of the bank note system. So we did after the American war, from the revulsion of the bullion system. And the present suffering we might have relieved, or prevented; but the former suffering was beyond our controul, without calling in the assistance of bank notes, or

some other similar medium. Because we are now suffering from our having improvidently allowed the bank notes to be withdrawn, or not to be increased as the wants of the country required, is no argument that we ought to consider bank notes as injurious; but it is a strong argument that we ought to consider them as beneficial, and that we ought to have them increased as speedily and effectually as possible. If we should suffer our canals, and roads, and steam engines to be broken up, we should experience misery enough from a revulsion of that kind, but this is no argument that we, therefore, ought to consider all these kinds of things as baneful or dangerous stimulants. We ought not to charge the consequences of our own folly upon the defects of a system, under which we prospered so long as we thought proper to continue it.

Whilst bank notes were plentiful, the country flourished, although there were no guineas. When bank notes became scarce, the country suffered, and her sufferings were daily increasing until the plenty of bank notes was restored; and no sooner have bank notes become plentiful again, than the country evidently begins to flourish again. These are facts evident to every one. Why then should it be supposed that bank notes are stimulants in any unhealthy sense of the word? If bank notes

make the country prosper, and feed and clothe the population, how can they be called stimulants? They are not gold it is true, but they are the representatives of capital, like gold is, and they are approved by the public, and they answer all the purposes of gold. Gold itself is no more than the representative of the capital consumed, or given in obtaining it, and if it cost no capital in obtaining, it would soon be worth nothing in possessing. But if gentlemen do not approve bank notes, I have no objection to give them up, and adopt any other medium that may be equally efficient. We may create circulating exchequer bills, or circulating national debt, or we may coin platina, or copper, or steel, or lead, or gold at its current prices, into a circulating medium; or we may convert any other kinds of capital into a circulating medium; but I should like to know why we should be compelled to bind and compress the wants and the necessities of man within the limits of a fixed gold circulation.

And if we are to leave nature to herself, I should be glad to know why she should be bound on one side, and left at liberty on the other. I should be glad to know why the Government of the country is to take into its own hands the monopoly of the circulating medium, and forcibly compel it to consist of gold, at a certain fixed

maximum price, whilst the productions and the prices of all other articles are left free and unfettered. If nature is to be left to herself she must not be confined by a maximum upon gold, and by arbitrary laws, prescribing the metal upon which she must operate, and the particular sizes and descriptions of signs and tokens of which she must make use. If she is to be left to herself in the creations of food and clothing, and other necessities and luxuries, she must not have her hands bound in the creation of the circulating medium, through the means of which all luxuries and necessities are produced, distributed, and consumed. If Government will throw open the circulation, and leave it to supply itself, according as the various wants and dispositions of men may require, I will not say another word in favour of bank notes, for it is then certain that we shall never again be in want of an approved and efficient circulating medium. Men will create it in a thousand ways, and of a thousand sorts, and suited to all the wants and caprices of the population, however numerous and diversified they may be. There will be no fear of a deficiency of the circulation then, although it is probable that its complexion will be rather of a motled description.

There is no greater error than an attempt on the part of the Government to take into its own

hands the creations of the circulating medium, without taking care that those creations are always of an ample amount. In the "golden days" of Elizabeth, there were 3000 tradespeople and others, who issued leaden tokens, which passed as coin of the realm, and no doubt contributed, in a great degree, to that "burst of prosperity," which Mr. Hume remarks was then occasioned in England, by the encrease of the circulation, arising from the opening of the American mines. A mistaken policy destroyed the leaden tokens of Elizabeth, without providing an adequate substitute; and I have no doubt that this impolitic conduct contributed to the public distresses and discontents which soon after terminated in the death of Charles the First. Oliver Cromwell knew better the principles of national prosperity, and under his Protectorate, the leaden tokens were again issued by many thousands of tradesmen, and again a new energy was given to the activity and productive powers of the country. Those leaden tokens answered all the useful purposes of coin of the realm; and bank notes are but an improvement upon them. The country flourished with the leaden tokens of Elizabeth and Cromwell. It flourished with the bank notes of George the Third, and yet gentlemen will still reckon experience as nothing, in opposition to favourite theories.

If Government are dissatisfied with such tokens or bank notes, they are at liberty to displace them, but then they must not do so without providing a better, or, at least, an equal medium in their place; and no medium can be said to be equal, unless it has equal effects in securing and promoting the national prosperity. If Government are not competent to effect this object, why should they attempt it? Or why should they endeavour to force human wants and human life to give place to an arbitrary prejudice in favour of a gold circulation, and that circulation limited by a maximum? I suppose that no one will contend that the circulation was in an efficient state twelve months ago, when it was neither possible to borrow money upon mortgage, nor to get in mortgage money when lent: nor to effect sales of estates, nor to get possession of money in any way, without submitting to exorbitant and ruinous sacrifices. Let Government take care that none of these fatal symptoms of a deficient circulation are ever exhibited again, and then whether they effect that object by bank notes or by gold, or by iron and copper, or in any other way, is not an object of much importance. If we obtain the essential *matter*, we have no occasion to distress ourselves about the *manner*. So long as money of any kind is to be had generally upon approved mortgages, at 5 per cent. and as property can be readily sold for as much money as its pro-

duction or purchase has required, we may be quite sure that the country will prosper, and that whether its capital and industry are diverted wholly into channels of home trade, or in part through channels of foreign trade, will make but very little difference to the riches or to the strength of the country.

I have alluded to the leaden tokens of Elizabeth and Cromwell. Under their Government the country flourished. But if bullion was not sufficient to form a circulating medium then, what is it now? The division of labour was not then carried to one-tenth of the extent that it is now carried.—The whole bullion in the kingdom, in the days of Elizabeth, was not sufficient to plate the coach harness in the days of George the Third! And the consumption of bullion in gold and silver plate, is at least a hundred fold of what it was in the days of Elizabeth. But the productions of the foreign mines are not encreased a hundred fold, nor perhaps one fold. In fact, they may be said to be diminished rather than encreased. Why then should bullion be made a standard by which the wants of Englishmen are to be measured? If we must have a standard, and if that standard must be fixed and arbitrary, let us take an English article; let us take copper, and we shall be able to act upon that with some degree of certainty and precision, with-

out exposing our lives and interests to the action of foreign circumstances, which are totally beyond our controul.

And if are to we leave nature to supply herself with such quantities of bullion as she may want, why are we to cripple the only means by which nature operates to encrease supply when demand requires it? It is by the rise of the price of an article that an encreased supply of that article is obtained; that an encreased demand is met by an encreased supply, and yet we controul the prices of bullion by arbitrary *maximums*, and prevent the possibility of an encreased demand being met by an encreased supply! We prohibit the circulation of all coins but gold as a *legal tender*, and yet we prevent the possibility of gold being imported for the purposes of coin, unless it can be imported under £3 17s. 10½d. per ounce! We do, indeed, set free the prices of bullion in bars, but that very circumstance renders the maximum upon coin so much the more injurious, for it causes all the coin to be inevitably melted into bars, as soon as ever the prices of gold bars rise above £3 17s. 10½d. per ounce. Thus, the law fixes a maximum upon bullion *in coins*, as it were for the purpose of crippling and exhausting the national energies, and removes that maximum upon bullion *in bars*, in

order to give a double severity to the operation of the maximum upon coins. Impolitic regulations of this kind will do more to barbarize and destroy the nation, than the successful invasion of the most numerous and formidable armies that ever desolated the earth.

In the days of Elizabeth, when the division of labour was very little known, and when the riches, and productions, and population of the country were trifling in comparison with what they are now, and when little or no bullion was consumed in plate, or in plated goods, then the annual quantity which was imported at £3 17s. 10½d. per ounce, might have been sufficient for all the purposes of coin, although it appears that it was not so from the number of persons who made leaden tokens; but at the present day, when the population is doubled, and the riches and productions are quadrupled, and the use of plate and plated goods is almost universal, and when the division of labour is visible in every article of human subsistence, and when, of course, the circulating medium has many times the business to transact that it had in the days of Elizabeth, it is quite impossible for us to obtain a sufficient quantity of bullion for all these purposes, under the range of £3 17s. 10½d. to the ounce of gold.

Besides we must consider, that since the days of Elizabeth, gold itself has depreciated when compared with commodities, and consequently that since the ounce of gold will not now purchase the same quantity of commodities as it did formerly, we are, therefore, when we purchase an ounce of gold at £3 17s. 10½d. literally giving to foreigners a smaller quantity of real value, in exchange for their gold, than we gave them in the days of Elizabeth. In those days, £3 17s. 10½d. in gold, would have bought 28 bushels of wheat; and now it will buy 7 bushels of wheat. Our demand for bullion is doubled and quadrupled, and yet we offer only a diminished real price, in order to obtain an encreased supply. How absurd and preposterous is this. If gold is wanted, we ought to have it; and if we cannot get it at seven bushels of wheat to the ounce of gold, we should give 28 bushels for it, as we did in the days of Elizabeth, or, if necessary, we should give more. Twenty-eight bushels of wheat, at only 11s. to the bushel, would bring the price of the ounce of gold up to £15 8s. instead of £3 17s. 10½d. under which we attempt to controul it. A price like this would bring us ten times as much gold as we want. And this is the price which ought to be our maximum, if we must have a maximum. Things have been changing every where around us, but our antiquated laws, have not changed with the change of things. We

have expected that things should accommodate themselves to us. We might as well have expected that mountains should have lowered their heads, and rivers have arrested their course. It is a curse to a nation when the progress of things outstrips the advance of mind.

In every thing that I have said against the beneficial effects of charity, I wish to be understood that I speak generally, and not particularly. There are many kinds of charity that relieve more misery than they create, such, for instance, as hospitals and public schools. The expence of every patient admitted into the Birmingham Hospital, costs that establishment about £3 3s. and the patients there get better medical treatment, and more comforts than they could obtain for £20 in their own houses. A great mass of misery is, therefore, relieved by hospitals at a small expence; and besides, under all the passions and infirmities of men, it is rather too much to expect, that the lower classes shall all of them be sufficiently prudent and careful to provide against accidents and misfortunes; nor have they, indeed, the power of doing so in many cases. It is, therefore, proper for the beneficent feelings of the capitalists to operate in supporting hospitals, and as I have allowed in the first letter, it is also proper that they should operate in supporting the present workhouses, for the

relief and support of those young, and old, and infirm persons who are unable to work. It is too much to expect that all the lower classes shall be prudent and careful, and, therefore, it is right for charity to operate in providing them with the means of existence, when they can no longer provide themselves. I have shown that the burthen of this would not be great, and that it would diminish as society improved, under the action of other modes which might be devised for the prevention of imposition, and for the preventing of the possibility of any persons being in want of employment.

The object of charity is to reduce the mass of misery. If it accomplishes that object, it is good, but if it does not, or if it creates more misery on the one hand than it relieves on the other, it is bad. Capital should not, therefore, be diverted from private expenditure, from the maintenance of unproductive labourers, unless by such diversion, it relieves more misery among the objects of charity than it creates among them, by depraving their minds, and among others, by diminishing the rewards which the unproductive labourers would otherwise receive, through the expenditure of the capital in question.

It would be a good thing if hospitals were generally to admit patients for payment of a sum

of money, as far as their accommodations will allow. Multitudes of poor persons might thus get more relief for £3 or £5, than they could obtain for £50 in their own houses.

I am aware of the declamations which have been constantly uttered about the evils of luxury and extravagance to a nation, and the advantages of thrift and economy; of the advantage of employing productive labourers, the makers of bread and cheese, and other necessities of life, instead of unproductive labourers, like footmen and coachmen; and of the fine ideas that are entertained of the happiness of a state where the former are encouraged at the expence of the latter. But I also know that these things are not reducible to practice, that we can only render capital available to social purposes, by working upon the selfish principles of human nature, and that when it is required to be expended for the good of others instead of the possessor, it will cease to be accumulated any longer. It is very fine in theory to talk of the advantages of a state of society, where the objects in view shall be to obtain a greater quantity of food and raiment, and other necessities of life, for an encreased population, in preference to obtaining fine clothes, and fine houses, and other luxuries and superfluities, to pamper the small part of it that are rich. All this is very fine to talk about, but it is utterly impossible to be

accomplished, whilst human nature continues the same as it yet is, and ever has been. Whilst human nature continues to be the same, that is to say, as long as pleasure and pain, and life and death exist, men will continue to exert their industry, and expend their capital solely with a view to their own gratifications; and so far as the expenditure of that capital will afford a due reward for the production of the necessities of life, so far will the production of them go, and no farther. So long as there are human beings in the world, there will be rich and poor; and so long as the latter draw their subsistence from the stores of the former, so long must they be employed in ministering to the gratifications of the former. There is no other way by which they can live.

About the beginning of the first letter, I have endeavoured to draw a line between productive and unproductive labourers, between the producers of necessities, and the producers of luxuries, and I have shown how either of these classes of persons necessarily diverges into the other, according as the fluctuations of demand for each other may require. Thus, for instance, if by any means the present number of the productive labourers should be increased, the increase of their productions would place, at the disposal of the capitalists, an increased quantity of the necessities of life; but it

would rather injure than benefit the situation of the productive labourers themselves, because by encreasing the competition among them, it would reduce the general average of their *real* wages rather lower than before. The situation of the productive labourers would be injured for a time by any encrease of their numbers or productions. But the encreased quantity of food, and clothing, and other necessities, which would thus be placed at the disposal of the capitalists, and would necessarily be either expended or invested through the channels of unproductive labour, would encrease the demand for unproductive labour, and would thereby raise the *real* wages of the unproductive labourers, at the same time that those of the productive labourers were fallen. The inequality of situation, between those two great classes, would rapidly occasion the surplus of the productive labourers to diverge into the character of unproductive labourers, until their mutual situations were equalized, or reduced to that level, or relative proportion, for which the nature and habits of each class had fitted them. The production of necessities would be rapidly diminished on the one hand, whilst the production of luxuries would be rapidly encreased on the other hand.

The same process would be equally visible with regard to any encrease which might take place.

in the number of the unproductive labourers. The additional competition among them, would diminish their *real* wages, until the surplus of them diverged into the character of productive labourers, when their situation would again be raised to its former level. The production of luxuries is merely a mode of consuming necessities, and the producers of luxuries are just as necessary to the producers of necessities, as the producers of necessities are to the producers of luxuries.

If the capitalists of the country should be induced by some sudden fit of phrensy or fanaticism to diminish their present expenditure one-half, and to divert it forcibly into the maintenance of productive labourers only, the consequence would be, that one-half of the present number of unproductive labourers would be forced into the character of productive labourers, or they would perish. But this *forced* encrease of productive labourers would occasion such an encrease of the quantity, and such a fall in the prices of necessities, as would destroy the reward of industry, and would probably drive out of employment an equal number of productive labourers on the one hand, as fast as the new ones were forced into employment on the other.

Nevertheless it is possible that such a gratuitous effort of humanity on the part of the capital-

ists, though exceedingly painful and ruinous to the lower classes in its first operation, might ultimately contribute to improve their situation for awhile, until that improvement of their situation should have so encreased their numbers, as to over-supply the demand which still existed for either productive or unproductive labour, and then their situation would be again reduced to its present level, or to some other level to which the nature and habits of the population had fitted them.

It is, therefore, perfectly visionary to attempt to improve the situation of the lower classes, by any other means than by following the course of nature. The Author of Nature has ordained that man shall live "by the sweat of his brow." Let us always take care that this mode of livelihood is open to him. Let us always take care that the demand for labour equals or exceeds the supply, and then we have done all that it is our duty to do, and all that it is possible for us to do for the welfare of the lower classes. All the efforts of humanity beyond this will be totally useless, and they will probably be worse than useless; for by counteracting the course of nature, they will diminish the incentives and the rewards of industry and virtue, at the same time that they will encrease the allurements and rewards of idleness and vice. This fatal counteraction of nature will probably create far more misery on the one hand, than it relieves on the other.

The first great duty and interest of the capitalists is to supply a constant, and steady, and ample demand for labour. When that great object is once accomplished, there is no other way by which they can really improve the situation of the lower classes, excepting such as may contribute to the elevation of their moral character, and to the improvement of their habits, thoughts, and associations. These objects will be greatly promoted by encouraging a principle which is inherent in every human being,—that of bettering his situation in the world.—The various plans of encouraging this principle by education, and benefit societies, and savings banks, which have been brought forward from time to time by philanthropic individuals, will have a free scope for action, when the obstacles which are opposed by our debasing and destructive system of Poor Laws are removed.

Whilst I have been attributing such important effects to the action of money, it may, perhaps, be thought that I have not sufficiently explained why the abundance of money which has been manifest for many months in the metropolis, has not yet succeeded in restoring the full employment of the labourers throughout the country. I answer that a very great and rapid improvement is visible in the employment of labourers, but that the money has not yet had time to come into effi-

cient action upon property and industry. In many trades, such, for instance, as the iron, clothing, and carpet manufactures, the workmen are fully employed. In others, such as the cotton, leather, silk, and hosiery, they are rapidly getting into employment, and in all a very great improvement is visible, excepting only in some few, which have been employed in supplying foreign markets, and which have not yet recovered from the ruinous exhaustion which the devastation of agriculture, and the glutting of the foreign markets had occasioned.

Agriculture, too, is now beginning to recover. The labourers who have been driven out of employment by the falling of the prices of agricultural produce below the expences of production, are now called into exertion again. After four years of wretchedness and despair, they now find something like a demand for their labour, because the prices of agricultural produce have risen so far as to allow the farmers some kind of interest in employing them.

But I allow that there is yet very great distress among a great part of the agricultural labourers. They have not yet full employment, nor are their wages raised to any thing like what they must, and ought to be. I know farmers in Worcestershire,

who now employ labourers at one-half of the wages that were given 30 years ago. *Three shillings per week* is all that these poor labourers obtain, exclusive of their food. These wages must be raised to 9s. or, perhaps, 12s. before the country will flourish. It is no wonder that these unfortunate men are in this situation, because their employers instead of gaining by their labour for the last four years, have literally been ruining themselves, notwithstanding any exertions which they can possibly have made. The men who have been labouring for their country, have been ruined, whilst the men who have been slumbering in their chairs, have had fortunes thrust upon them at the expence of their country's ruin. I suppose there is not one single farmer in England, who has gained one single shilling during the years 1813—14—15, and 16; and I have not the least doubt, that by far the greater part of all the farmers in the country have lost one-half of their property in those years. The merchants and manufacturers have not mended themselves by this. The sufferings of the farmers would have been visited upon them sevenfold, if the judicious measures of Government had not arrested the sweeping ruin which was overtaking them. The rising prices, which are now occasioned partly by the devastation of agriculture, and partly by the abundance of money, combined with the cruel reduction in the wages of

labour, which has been occasioned by the action of intense misery, are now giving to farmers some kind of inducement to employ labourers ; and if the issues of money are not imprudently withdrawn, they will shortly have the inducements and the means of employing and of giving abundant wages to all the labourers that can be found.

I have never contended that the action of money upon labour was *immediate*, but I have represented it as *consequential* to its action upon property. Money first acts upon property, and when it has raised the prices of property above the expenses of production, it then acts upon labour ; because then a profit is obtained by the production of property, and therefore the money is naturally diverted from the purchase to the production of property ; and thus the springs of industry being set free, the whole social system is restored ; for, as I have sufficiently shown, the production of one article is only occasioned by causing just an adequate consumption of other articles, either in the shape of wages, taxes, or profits.

If the money, however, that has been issued in London, through the holders of exchequer bills, and other persons who have no immediate means of employing it, had been issued in loans or purchases to different manufacturers, farmers, mer-

chants, and landlords throughout the country, it would have been found that its action upon labour generally, would have been far more immediate and decisive than it has now been. By this means, it would have been brought instantly and directly over the heads of the labourers, and would instantly have operated upon them. It would have been brought into action upon the national prosperity, through the active and vital channels from which all prosperity must flow, instead of being forced unnaturally through stagnant channels and through hands totally incompetent to direct it. The holders of exchequer bills, who have been the principal persons employed, consist principally of bankers and brokers, and of a set of retired and antiquated capitalists, who are neither willing nor able to take upon themselves the task of employing money in any productive purposes. They have, therefore, been forced to buy into the funds backwards and forwards, and to look out for mortgages, and other investments which make a safe return without labour or care. The consequence has been, that for a few months money has in London been worth only 3 or 4 per cent. at the very time when responsible manufacturers in the country have been allowing 10 or 20 per cent. per annum for it, in the way of discounts, and when money has been generally scarce throughout the country. Now, indeed, the face of things is changed. The money

has at last flowed out of inactive into active hands, and is rapidly acting in restoring the home and the foreign trade, and all the principles of national health and prosperity.*

* Upon looking over the late Acts of Parliament, I find that no less a sum than 38 millions sterling has been borrowed from the Bank of England upon exchequer bills, during the last session. None of these can, of course, yet have been paid off, and, therefore, I conclude, that the bank must now hold that amount, and, consequently, that it has that amount of its notes in circulation, over and above the circulation that is occasioned by its regular commercial business. As far as I can make out, the bank may have held about 10 or 15 millions, or, perhaps, 18 millions of exchequer bills, prior to the last session of Parliament, which, in conjunction with from 8 to 16 millions, which they must have kept in circulation, by the discount of commercial bills, must have made up their old circulation of notes 26 millions, agreeably to the last reports to the House of Commons. If we suppose this circulation of 26 millions to have been diminished 5 or 6 millions by the falling off of the bank discounts in the last year, occasioned by the plenty of money, we shall then find that the old circulation of bank notes will still amount to about 20 millions, and that 20 millions more has been added in the late session of Parliament, by placing that amount of additional exchequer bills in the bank, making the amount of bank notes at present in circulation, at least 40 millions sterling. It is satisfactory to see the energy and decision which the Government have displayed in this business. From the moment it has been found necessary to encrease the circulation, there seems to have been no temporizing on the part of the Government. The vital interests of the nation have not been sa-

A good deal may be said about the confusion which an alteration in the coins would make in the foreign exchanges, and of the apparent injustice which it would occasion to foreigners drawing bills upon England, who would perhaps receive only one-half of the gold which they expected to receive.

I cannot think it of much consequence to enter into this disquisition, because it is evidently of too trifling a character to be suffered to interfere with questions affecting the full employment of labour, and the preservation of vital interests. Foreigners never trouble their heads about us in alterations or regulations they make in their coins — If no foreign exchanges could exist at all, and, indeed, if all foreign trade were annihilated by the alteration of the coins, it would be no argument against such alteration, provided it were shown

crificed to minor considerations, but all the petty maxims and prejudices which darken and obstruct the national prosperity, have been forced to give place to large and luminous views. If Government will still act upon these views, if they will preserve such a state of the circulation, as will keep the 3 per cents. as high as 80, we may be quite assured, that the national prosperity will soon be fully restored, and that the nation will again exhibit the riches and the energy which have saved and astonished the world.

that by that alone could the prosperity of the country be restored. The inconveniences which foreigners might be put to, are no argument why Englishmen should be crippled to death. The confusion of the foreign exchanges, which might possibly be the consequence of an alteration in the coins, or, indeed, in the Bank Restriction Act, is no reason why the internal exchanges, and the general distribution of property throughout the country should be thrown into confusion, ten times more confused, and ten times more ruinous to the national prosperity.

In truth, I do not much like this over tender consideration of foreigners. We owe nothing to them, and we want nothing from them. We have given them value for every thing we have ever received from them, which is more than they can say. We have done more for them than ever one nation did for others since the beginning of the world, and when we had saved them from subjection to Buonaparte, the least they could have done for us in return would have been to have taken upon themselves the re-payment of that national debt which we have incurred for their protection; or, at any rate, they ought to have compelled the French to repay it, or a good part of it. They have not done this, nor have they even given us the French ships of war,—and we had twenty

times a better right to them than we had to those of Denmark, although we had a pretty good claim upon them. Instead of this, instead of getting some reparation for twenty years of insults and aggressions, and for all the blood and treasure which we have been obliged to expend in defence of ourselves and of others, we have continued the proverbial generosity of our character, and treating the French nation more like brothers than robbers, we have given them up colonies and countries, as it were, as a reward for their crimes and atrocities.

We have been tender enough of foreigners, that is certain ; and it seems likely that we have not only treated them with abundant kindness, but we have even exposed ourselves to a great part of the evils and the punishment which ought to have been borne by the French.

We ought now to begin to think a little of our own interest, and to take proper measures for our own welfare, without much troubling ourselves whether foreigners will be inconvenienced, or not. But we may be sure that foreigners will take pretty good care of themselves, without our troubling our heads to take care of them. If we make any alteration in the value of our coins, so as to involve an alteration in the exchanges, we may be sure that foreigners will draw their bills accordingly, and will take care that no local regulations among us,

shall have much effect in injuring them. They will send their bullion, or their merchandize, to England, and they will draw for it, at a higher ratio of price, and that greater amount of bills upon England, will enable foreigners to pay us the greater price for our manufactures, which we shall find it necessary to charge them on the return of national prosperity.

The old par of gold in England, is £3 17s. 10½d. per ounce. Suppose we raise this par one half, or to £5 16s. 9¼d. per ounce. A foreign bill then drawn upon England for £3 17s. 10½d. will receive only two-thirds of an ounce of gold, instead of a whole ounce. Therefore, the foreigner when he draws his bill, will draw it for £5 16s. 9¼d. instead of £3 17s. 10½d. and this £5 16s. 9¼d. will give him the same weight of gold as the £3 17s. 10½d. formerly gave him. He will be enabled to draw his bill for this encreased sum by the very fact which requires it; because whatever articles he remits to England for the purpose of covering his bill, will have risen in nearly the same degree. For instance, if he remits an ounce of gold, that remittance will enable him to draw for £5 16s. 9¼d. instead of £3 17s. 10½d. and so on, more or less, with regard to all other articles which may be imported into England, and which will necessarily rise with the encrease of prosperity and circulation.

Indeed many of these articles have already risen in even a greater degree. The foreigners are, therefore, already drawing their bills for a greater amount than formerly, and therefore, in the general rise of prices which is taking place, owing to the increased issues of bank notes, they will get still the possession of as much bullion in exchange for their bills upon England as they ever calculated upon.

Some people may think that there is an apparent fraud in some things that I recommend, whether knowingly or not. But if there are any of those things that may eventually prove a fraud upon any class of men, all I can say is, that it is my wish to do justice unto all men, and to favour none, much less to favour one, by committing injustice to others. I have proposed to give a compensation to the national creditors, if they appear to be injured unjustly ; and I would also recommend that private creditors, and even foreigners, should be compensated, if they have any equitable claim to it. But there has been no claim set up as yet by either public or private creditors, although every thing, or nearly every thing, necessary to be done in the way of a forced creation of money, has been already done.

Besides, I do not see particularly what the nation has to do with these little things. They

are for the consideration of persons interested; who, if they find themselves aggrieved by great national measures, must petition the nation for redress, and they ought to receive it. But to suppose that the nation is to forego great and vital measures, affecting the existence of the whole, merely because a very small part may be put to inconvenience, is very absurd. Our whole social system is built upon the sacrifice of parts to the welfare of the whole. And if we suffer this to be done every day in every improvement that is made, if we suffer private interests and rights to be every day outraged, in order to promote the encrease and developement of the national riches, how much more ought we to do so, when it is not the encrease, but the very existence of national riches, and of national prosperity, which is at issue.

For men to talk about the injustice of altering the coins, and of confusing the foreign exchanges, who have lived to see the ruin and the confusion which was occasioned twelve months ago, by the total breaking up of the system of prices which had existed for near twenty years, is indeed being conscientious over much, and may be aptly enough illustrated by the vulgar proverb,—“Strain at a knat, and swallow a camel.” Who is there that has not seen families ruined by the bequest of estates? Who has not seen property tossed back-

wards and forwards, as if it were of no value ?— Who has not seen the mortgagee become the possessor of the land, not that the land was of less *real* value than when the mortgage of one-half was advanced upon it ; but that the mortgage money of *one-half* had become of more *real* value than the whole of the land, by the breaking up of the system under which the mortgage was contracted ? Who has not seen thousands of industrious farmers who had contracted leases during the continuance of the high prices, which had become permanent, and which the whole nation expected must necessarily continue permanent,—who has not seen, I say, thousands of these industrious leaseholders totally ruined by the necessity of fulfilling their engagements, and almost without the possibility of saving the lessors themselves from the same fate ? Here was, indeed, confusion upon confusion, and injustice three times aggravated, in comparison with which, all the confusion and injustice which can possibly attend an alteration of the coins must be perfectly trifling.*

* I have often heard it asserted, that if the trade in the precious metals was free in all countries, no difference could ever take place in the exchanges between any two countries, beyond the amount of the expence and risk of remitting the precious metals. This appears to me to be incorrect. For, suppose the exchange between England and France may have been at par for a series of years, that is to say, suppose the exports and im-

I perceive that I have drawn out my letters, notes, and postscripts, to a very tedious length. I hope, however, that I have not inserted any thing

ports, direct and indirect to and from each other, shall have equalled each other for a certain period, so as to have caused just an equal amount of bills to be drawn by and upon each country, and so to be interchanged with each other, as to write off the whole of each other's debts and credits, without leaving any balance either for or against either. Any circumstances tending to vary this mutual balance of exports and imports, would necessarily vary the state of the exchanges, and the remittance of the precious metals to meet this variation of the exchanges, would not only be attended with the expence and risk of transporting them, but also with that of buying them at a high price in the importing country, and selling them at a low price in the exporting country. Suppose a bad harvest to take place in England, and at the same time a good one in France, the exportation of four or five millions sterling of wheat to England, which might be the consequence, would make a great alteration in the state of the exchanges between the two countries, which no freedom of trade in the precious metals could counteract. When wheat might be at 20s. to the Winchester bushel in England, and at only 5s. in France, the demand for the precious metals in England, would raise their prices, perhaps, 10 or 30 per cent. in order to send them to France to buy up wheat, or to purchase the bills which might be drawn for wheat. Those bills, without doubt, would be sold at a discount of 10 or 30 per cent. and this variation of the exchange would continue until the rise of wheat and the fall of bullion in France, combined with the fall of wheat and the rise of bullion in England, should counteract the profit of sending wheat to England.

irrelevant to the questions at issue ; and I also hope that I have satisfied the reader, whose patience has enabled him to toil through my letters, that we

But this variation of the exchanges between England and France, would, no doubt, act as a great inducement to French capitalists to invest their fortunes in England, by which means they would obtain the profit upon the exchange until it was reduced. This was lately the case between England and America. The immense exports from England into America, could not be paid for, and, therefore, the British capitalists thought proper to become proprietors in the American national debt, in preference to submitting to a loss of from 10 to 25 per cent. in getting their capital home. If I recollect right, at that time the dollar was raised to 6s. British sterling in New York, and fallen to 4s. at Liverpool. It was not that the trade in the precious metals was not free between the two countries, nor was it the paper currency in England or America which caused this variation of the exchanges and of the prices of bullion, but the prodigious export which was forced upon America by the distresses of England, at a time when America had nothing to give in exchange, which could be sent to England without a loss of from 10 to 50 per cent. This loss upon the export of commodities to England, involved ultimately nearly an equal loss in the remittance of bullion to England. Bullion and bullion coins must have risen in America in the prices, terms, or numbers at which they had been accustomed to be measured against commodities, until they should have risen so high as to occasion as great a loss in sending them to England, as in sending wheat or other commodities. Nothing could have prevented this, but the prohibiting in America of all the circulations of credit, which would have prevented the possibility of any of the British exports being paid for at all.

are in no danger of having too great a number of a proper kind of population; that whether the character of our population shall be good or bad, useful or burthensome, depends entirely upon our own measures; and that whatever funds are distributed through public or private charity, are taken from the rewards of industry, and create generally as much misery and distress among independent labourers and mechanics, as they relieve among paupers and beggars.

With regard to the subjects of the second letter, I am inclined to apprehend that the alteration of the current value of coins, instead of recoinng them, and the issue of circulating exchequer bills, or other national instruments, or of mortgage certificates, will be found to be rather premature for the national sentiment, and will, probably, militate too strongly against the prejudices and misconceptions which yet prevail in the country. In that case, it will become the duty of Government to devise some other measures by which the national interests may be conciliated with the national prejudices, or by which the latter may be forced to yield to the former. They must keep in mind not altogether what is good, but also what is practicable. If they neglect this, they will fall into the error of some modern reformists, who never consider what is practicable, or natural, or consistent

with human passions, and with experience, but solely what is ideal, and grand, and excellent in imagination, without being useful, and, indeed, without the possibility of being reduced to practise in this or any other country. There is some good in these perpetual aspirations after ideal excellence, but we ought to be particularly careful not to suffer them to lead us astray beyond the sober and severe boundaries, which experience and knowledge of the national character, prescribe.

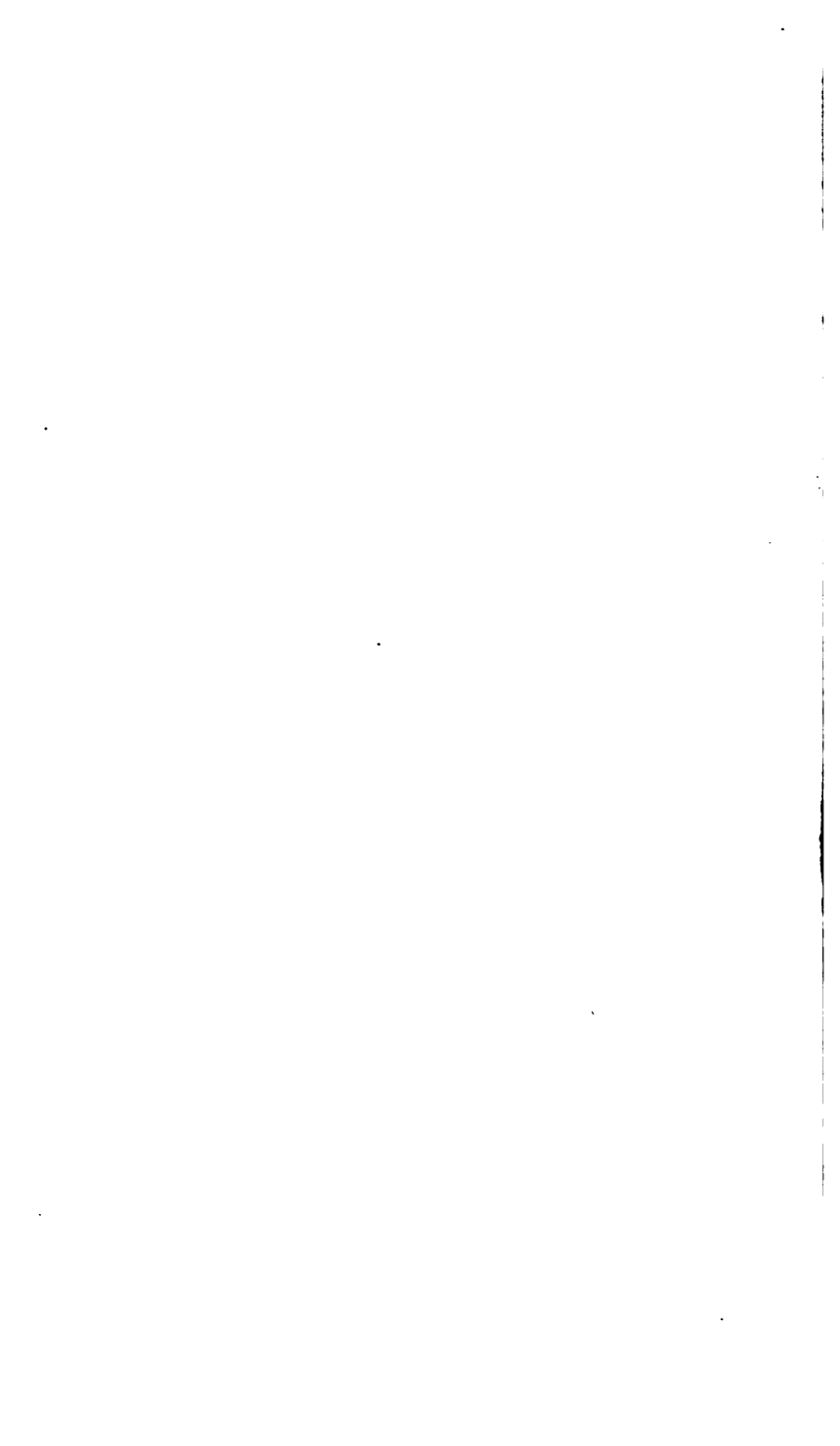
If the national prejudices to which I allude, should render more bold and novel measures inexpedient, I should imagine that the best thing that Government can do, will be to continue the Bank Restriction Act, from time to time, under the controul of a legislative commission: and when this conduct has succeeded in perfectly restoring the health and prosperity of the country, to create such kind of coins as may be consistent with the prices of bullion, provided any kind of coins of the realm shall be deemed necessary.

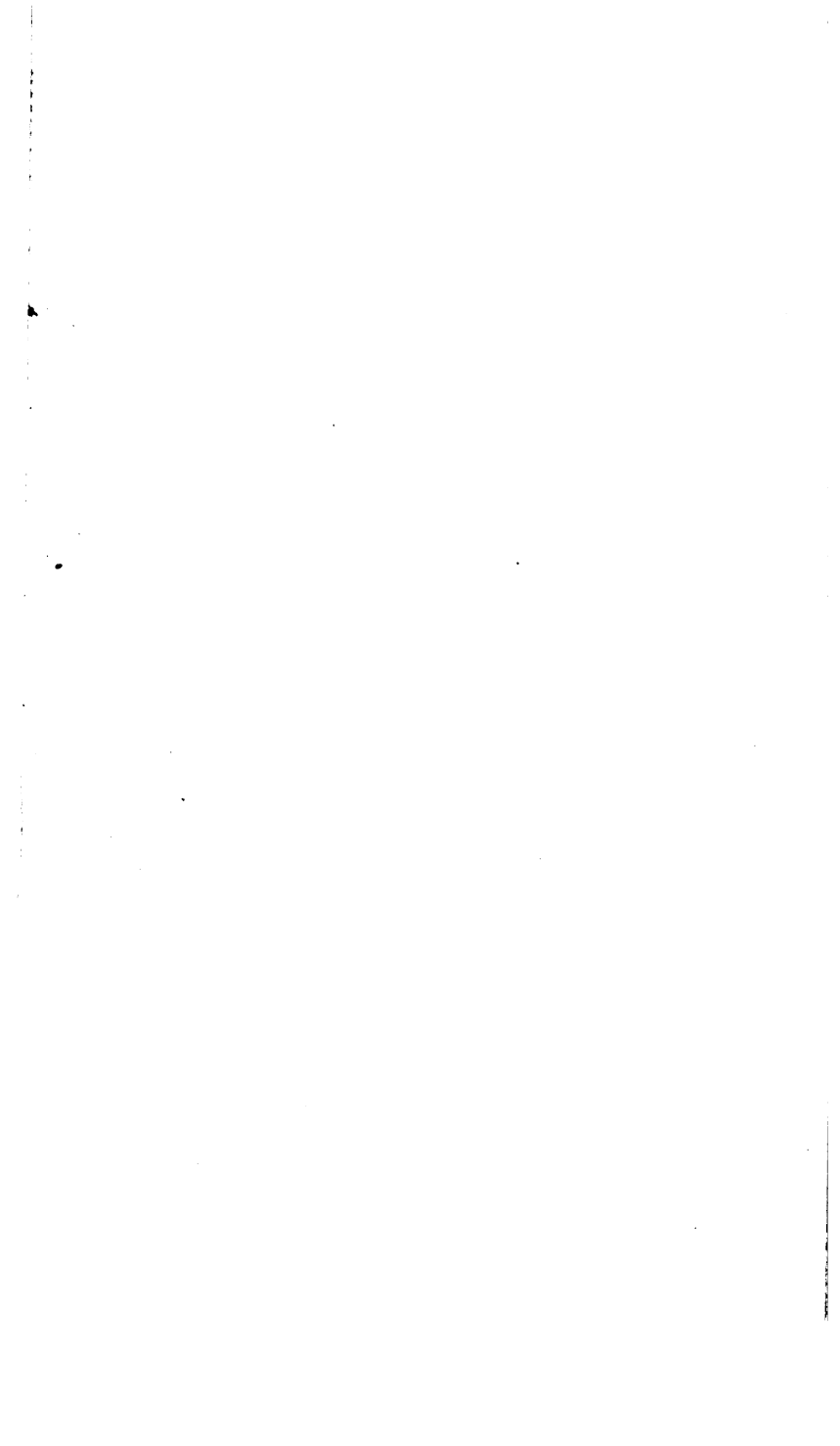
I have no interests in the questions at issue, excepting those which justice and humanity impose, and provided I can but see the population of the country prosperous and happy, I shall not in the least regard by what honourable means they are made so. But that they must be made so, I

am quite certain ; and I am still more certain that they cannot be made so by any possible means which shall cripple the circulation, or reduce the general state of prices much below the level of 1810.

If Government attempt to reduce the circulation to the level of 1816, they will find that no possible measures can preserve the country from the evils of anarchy and revolution.







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